



China Development Bank International Investment Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1062)

Annual Report 2014



Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	5
Report of the Directors	11
Biographical Details of Directors and Senior Management	22
Corporate Governance Report	25
Independent Auditor's Report	36
Consolidated Statement of Profit or Loss and Other Comprehensive Income	38
Consolidated Statement of Financial Position	39
Consolidated Statement of Changes in Equity	40
Consolidated Statement of Cash Flows	41
Notes to the Consolidated Financial Statements	42
Five Year Financial Summary	80

Corporate Information

DIRECTORS

Non-executive Director

Mr ZHANG Xuguang ^{Note 3}

Executive Directors

Mr TENG Rongsong ^{Note 4 and 9}

Mr BAI Zhe ^{Note 1} (Chairman)

Mr LIU Xiao Guang

Mr YUAN Chun ^{Note 6} (Chief Executive Officer)

Independent Non-executive Directors

Mr WANG Xiangfei

Mr LU Gong ^{Note 7}

Mr SIN Yui Man ^{Note 8}

Mr FAN Ren Da, Anthony

COMPANY SECRETARY

Mr WONG Kwok Ho

AUDIT COMMITTEE

Mr ZHANG Xuguang ^{Note 3}

Mr WANG Xiangfei (Chairman)

Mr LU Gong ^{Note 7}

Mr SIN Yui Man ^{Note 8}

Mr FAN Ren Da, Anthony ^{Note 5}

REMUNERATION COMMITTEE

Mr LIU Xiao Guang

Mr LU Gong ^{Note 7}

Mr SIN Yui Man ^{Note 8} (Chairman)

Mr FAN Ren Da, Anthony

NOMINATION COMMITTEE

Mr ZHANG Xuguang ^{Note 3}

Mr TENG Rongsong ^{Note 5 and 9}

Mr BAI Zhe ^{Note 10} (Chairman)

Mr WANG Xiangfei

Mr FAN Ren Da, Anthony

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 4506 – 4509

Two International Finance Centre

No. 8 Finance Street, Central

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

Notes:

1. appointed on 20 January 2014 and re-designated as the chairman of the Board on 15 December 2014
2. ceased on 28 February 2014
3. resigned on 4 April 2014
4. re-designated as the chairman of the Board on 4 April 2014
5. appointed on 4 April 2014
6. appointed as an Executive Director on 13 June 2014 and appointed as the Chief Executive Officer on 15 December 2014
7. resigned on 1 September 2014
8. appointed on 1 September 2014
9. resigned on 15 December 2014
10. appointed on 15 December 2014

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited

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

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.,

Hong Kong Branch

Bank of China (Hong Kong) Limited

The Bank of East Asia, Limited

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law

Freshfields Bruckhaus Deringer

As to the Cayman Islands Law

Conyers Dill & Pearman

INVESTMENT MANAGER

KBR Fund Management Limited **(Formerly known as KBR Management Limited)** Note 2

Room 1403, Allied Kajima Building
138 Gloucester Road, Wanchai, Hong Kong

HuaAn Asset Management (Hong Kong) Limited Note 8

Suite 3808-9, 38th Floor
ICBC Tower, Citibank Plaza
3 Garden Road, Central, Hong Kong

CUSTODIAN

Orangefield Management (Hong Kong) Limited

6th Floor, St. John's Building
33 Garden Road, Central
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1062

WEBSITE

www.cdb-intl.com

www.irasia.com/listco/hk/cdbintl

Chairman's Statement

Dear Shareholders,

The management believes that the business and operating environment are full of challenges and volatility. As compared with year 2013, the global economy is expected to proceed on a firmer footing for the year ahead on the back of broadening recovery in the US and stabilizing growth in the mainland economy. Although the US Federal Reserve is poised to end its asset purchase program soon and geo-political risks in some regions are likely to linger, relatively loose monetary conditions are widely expected to be maintained in major developed economies for an extended period, lending support to a more solid recovery in the world economy. In Asia, as the Chinese economy is maturing and a more sustainable development is desired, slower future growth levels are to be expected. The Group remains confident in the prospects for the mainland economy and investment sector over the medium to long term. Enjoying the ongoing mild development of the global investment atmosphere, the Group continuously achieved profits for the fiscal year 2014.

In order to improve the performance of the Group and deliver the best returns to shareholders, the Group will continue to look for investment opportunities which strengthen profitability under the acceptable risk in the portfolio of the Group. The management will continue to closely monitor the market situation and enhance all areas of operation, to raising levels of financial discipline and improving profitability within the Group.

Finally, I would like to take this opportunity to extend my sincerest gratitude to our shareholders for their support. I would also like to thank members of the Board, the management and the staff for their diligence. Despite the turmoil in the international economy in 2014, our team has worked hard to confront the challenges head on and achieve its goals. I am confident that we will be able to achieve long-term sustainable returns for our shareholders by working together as a more mature and united team in the year ahead.

By the order of the Board

CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LIMITED

BAI Zhe

Chairman

Hong Kong, 25 March 2015

Management Discussion and Analysis

The board of directors (the “**Board**” or “**Directors**”) of China Development Bank International Investment Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2014 (the “**Year**”). The audited consolidated results for the Year have been reviewed by the audit committee and audited by the auditor of the Company.

OVERALL PERFORMANCE

For the Year, the Group recorded a profit of approximately Hong Kong dollars (“**HK\$**”) 48.56 million (31 December 2013: approximately HK\$18.18 million) which is primarily attributable to the increase in Group’s investment income, change in fair value of financial investments and reduce in general and administrative expenses during the Year.

The investment income for the Year increased 90.51% from the last year to approximately HK\$52.73 million (31 December 2013: approximately HK\$27.68 million), primarily due to the interest income from the convertible notes, convertible bond as well as loan and warrant instrument.

For both the years ended 31 December 2013 and 2014, the Group’s investment income was all derived in Hong Kong, based on the physical location of the underlying assets that generate the revenue. The Group’s non-current assets (other than financial instruments) are located in People’s Republic of China (the “**PRC**”) and Hong Kong.

The interest income was approximately HK\$1.90 million, representing a decrease of 53.72% as compared to approximately HK\$4.11 million last year.

The loss in fair value of financial assets held for trading amounts to approximately HK\$14.58 million (31 December 2013: gain in fair value of HK\$28.79 million) was recorded in the Year, which was attributable to the change in fair value of equity securities of companies listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), change in fair value of unlisted warrant instrument and related put rights of Jinqiao Investments Limited (“**Jinqiao**”) and unlisted warrant of Yingde Gases Group Company Limited (“**Yingde Gases**”).

The gain in fair value of investments designated at fair value through profit or loss amounts to approximately HK\$25.47 million (31 December 2013: loss in fair value of HK\$8.34 million) was recorded in the Year, which were attributable to the 6,383 preferred shares of JinkoSolar Power Engineering Group Limited (“**JinkoSolar Power**”), the senior, secured and guaranteed convertible notes of North Sea Rigs Holdings Limited (“**NSR Holdings**”) and loan of Jinqiao.

The general and administrative expenses of the Group for the Year were approximately HK\$20.20 million (31 December 2013: approximately HK\$38.61 million). It is mainly resulted from the decrease in legal and professional fees on transactions.

The Group’s net asset value increased from approximately HK\$1,064.32 million as at 31 December 2013 to approximately HK\$1,112.64 million as at 31 December 2014, with earnings per share of HK1.67 cents (31 December 2013: earnings per share of HK0.63 cents).

LIQUIDITY AND FINANCIAL RESOURCES

It is the Group's policy to adopt a prudent financial management strategy. The Group's treasury policies are designed to maintain a suitable level of liquidity facilities and minimise financial risks in order to meet operation requirements and investment opportunities.

As at 31 December 2014, the cash and bank balance of the Group was approximately HK\$414.90 million (31 December 2013: approximately HK\$442.73 million). As almost all the retained cash was placed in Hong Kong Dollars short-term deposits with major banks in Hong Kong, the Group's exposure to exchange fluctuations is considered minimal. The Board believes that the Group still maintains a healthy financial position as at 31 December 2014.

As at 31 December 2014, the Group had no borrowings, gearing ratio (calculated as the long term loan to the total shareholder's equity) was zero (31 December 2013: zero), putting the Group in an advantageous position to pursue its investment strategies and investment opportunities.

CAPITAL STRUCTURE

There is no change to the Group's capital structure for the Year.

CHARGE ON ASSETS, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2014, there were no charges on the Group's assets and the Group had no material capital commitment or any significant contingent liabilities (31 December 2013: nil).

As at 31 December 2014, as far as the Directors are aware, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, the Company had not made any material acquisition or disposal of subsidiaries and associated companies.

PORTFOLIO REVIEW

Top Five Investments

Particulars of top five investments of the Group as at 31 December 2014 are set out as follows:

Name of investment	Proportion of the share/paid up capital owned	Carrying book cost up to 30 December 2014 HK\$	Market value/carrying amount as at 31 December 2014 HK\$	Unrealised gain/(loss) recognized (Note 6) HK\$	Dividend received/receivable during the year HK\$	Percentage to the Group's net assets as at 31 December 2014	Net assets attributable to the Company (Note 7) HK\$ million
Yingde Gases (HKEx stock code: 2168) (Note 1)	N/A	195,000,000	202,868,576	7,868,576	-	18.23%	N/A
JinkoSolar Power (Note 2)	5%	194,987,520	195,253,368	265,848	-	17.55%	73.0
NSR Holdings (Note 3)	N/A	187,200,000	182,587,019	(4,612,981)	-	16.41%	N/A
Beijing Far East Instrument Company Limited ("Beijing Far East") (Note 4)	25%	47,766,128	71,897,511	24,131,383	2,323,901	6.46%	71.9
Jinqiao (Note 5)	N/A	39,000,000	49,764,000	10,764,000	-	4.47%	N/A

Notes:

1. Yingde Gases is a company incorporated in the Cayman Islands and listed on the Stock Exchange. Its principal activities are the production and sales of industrial gases. The carrying amount of the convertible bonds and warrant instrument are stated at fair value.
2. JinkoSolar Power is a company incorporated in the Cayman Islands with limited liability which is mainly engaged in the development and operation of solar power projects. The carrying amount of the equity shareholding is stated at fair value.
3. NSR Holdings is a company incorporated in the Cayman Islands and is an investment holding company, and is principally involved in engaging contractors to construct the drilling rig which will then be sold or leased to drilling rig operators located in the North Sea area of Norway. The carrying amount of the convertible note is stated at fair value.
4. Beijing Far East is a sino-foreign enterprise incorporated in the PRC, and is principally engaged in producing scientific measuring and industrial control equipment. Its carrying amount is accounted for using equity method.
5. Jinqiao is a company incorporated in the British Virgin Islands and is an investment holding company, and its wholly owned subsidiary, Golden Bridge Holdings Limited, had acquired Zhongpin, Inc., which is principally involved in trading meat and food processing, pork and pork products, and vegetable and fruits in the PRC. The carrying amount of the inter-related loan and warrant are stated at fair value.
6. The unrealised gain/(loss) represented the changes in fair value of the respective investments during the year.
7. The calculation of net assets attributable to the Company is based on the latest published interim results or annual report of the respective investments at the end of each reporting year.

UNLISTED INVESTMENTS REVIEW

Yingde Gases

On 24 November 2013, the Group and Yingde Gases had entered into the investment agreement whereby Yingde Gases issued and the Group subscribed for (i) the principal amount of United States dollars (“**US\$**”) 25,000,000, 8% coupon convertible bond due 2015; and (ii) at nil consideration, 18,953,853 warrant exercisable to purchase ordinary shares of US\$0.000001 each in the capital of Yingde Gases.

JinkoSolar Power

On 29 September 2014, the Company has entered into a share subscription agreement (the “**Jade Sino Subscription Agreement**”) with China Development Bank International Holdings Limited (“**CDBIH**”) and Jade Sino Ventures Limited (“**Jade Sino**”), pursuant to which the Company and CDBIH have agreed to subscribe for 11,904 and 13,096 ordinary shares of Jade Sino, representing approximately 23.81% and 26.19% of the enlarged issued share capital of Jade Sino respectively. After the subscription, the Company and CDBIH held approximately 23.81% and 76.19% of the enlarged share capital of Jade Sino respectively.

The principal asset of Jade Sino was the 13,404 preferred shares of JinkoSolar Power out of the total 26,809 preferred shares subscribed on 11 August 2014 by CDBIH. Upon completion of the Jade Sino Subscription Agreement, Jade Sino applied the amount of US\$52.5 million (equivalent to approximately HK\$409.5 million) contributed by the Company and CDBIH to completing the subscription of the remaining 13,405 preferred shares of JinkoSolar Power. The subscription of the remaining 13,405 preferred shares of JinkoSolar Power by Jade Sino was completed on 13 November 2014.

NSR Holdings

On 10 December 2012, the Group together with another proposed subscriber entered into the subscription agreement with NSR Holdings for the subscription of senior, secured and guaranteed convertible notes in an initial aggregate principal amount of up to US\$75 million. NSR Holdings is a company incorporated in the Cayman Islands and is an investment holding company.

The proceeds raised from the issuance of the convertible notes will be used by NSR Holdings in connection with the construction of the drilling rig. NSR Holdings is principally involved in engaging contractors to construct the drilling rig which will then be sold or leased to drilling rig operators located in the North Sea area of Norway. Pursuant to the subscription agreement, the Group subscribed for the convertible notes in the principal amount of up to US\$25 million.

China International Marine Containers (Group) Co., Ltd. (together with its subsidiaries, the “**CIMC Group**”) is a PRC state-owned enterprise and China International Marine Containers (Hong Kong) Limited, which is the wholly-owned subsidiary of CIMC Group, one of the guarantors in connection with the convertible notes issuance, holds the substantial assets of the CIMC Group.

The management of the Company has considered that additional upside is potentially achievable as a result of the NSR Holdings securing lease agreements or sale contracts in relation to the drilling rig which is likely to happen given the shortage in supply of new semi-submersible rigs in the North Sea area of Norway by 2015.

The management of the Company has believed that the conversion option of the convertible notes provides the Company with an opportunity to share in the growth of the CIMC Group.

Beijing Far East

Beijing Far East, an associate of the Group, is a leading industrial precision instrument manufacturer in China. The principal business of Beijing Far East is to manufacture meters and precise measuring instruments.

Based on the unaudited management accounts for the Year, Beijing Far East recorded its unaudited consolidated profit of approximately Renminbi (“**RMB**”) 12.34 million, a decrease of approximately 36.36%, as compared with its unaudited consolidated profit of approximately RMB19.40 million for the year ended 31 December 2013.

Jinqiao

On 27 June 2013, the Company had entered into a facility agreement and a warrant instrument with Jinqiao in relation to a loan and warrant investment in Jinqiao (the “**Jinqiao Agreements**”). Under the Jinqiao Agreements, the Company provided a mezzanine facility having a total commitment of US\$20 million to Jinqiao with a 20% interest rate per annum for 2 years. The Company also received the warrant issued by Jinqiao to entitle the Company to purchase the ordinary shares of Jinqiao at the exercise price of US\$13.5 per ordinary share at any time before 27 June 2015 for an aggregate amount up to US\$10 million. Under the Jinqiao Agreements, the proceeds were applied to providing working capital for the Golden Bridge after acquiring the shares of Zhongpin, Inc. for the purpose of privatization by way of a merger of Golden Bridge Merger Sub Limited, a wholly-owned subsidiary of Golden Bridge, into Zhongpin, Inc., with Zhongpin, Inc., the surviving entity after such merger.

LISTED INVESTMENTS REVIEW

Securities Investments

The Group has disposed all the listed equities in secondary market during the second half of the Year.

EMPLOYEES

As at 31 December 2014, the Company had 13 employees. The total staff costs of the Group for the Year was approximately HK\$11.00 million (31 December 2013: approximately HK\$16.43 million). The Company determines its staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages of the Company's employees including basic salary, double pay, performance bonuses and mandatory provident fund are reviewed on regular basis. The Company has adopted a share option scheme on 7 February 2005 for the purposes of providing incentives and rewards to eligible participants who have made contributions to the Group.

GEARING RATIO

The Group had no outstanding bank borrowings as at 31 December 2014 and 31 December 2013. As at 31 December 2014, the Group's current ratio (current assets to current liabilities) was approximately 298.93 (31 December 2013: approximately 79.25). The ratio of total liabilities to total assets of the Group was approximately 0.48% (31 December 2013: approximately 0.83%).

EXCHANGE EXPOSURE

The Group had an insignificant exchange risk exposure under review since all the retained cash was placed in Hong Kong Dollars short-term deposits with major banks in Hong Kong. It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimize currency risks.

FUTURE PROSPECTS

On 6 November 2014, the Company published an announcement and informed its shareholders that the Company entered into a memorandum of understanding ("**MOU**") in respect of the possible subscription of 25% of the capital of a company to be incorporated under the laws of the Cayman Islands. With regard to this possible subscription, no binding agreements in relation to the possible subscription had been entered into as at the date of this annual report. The Company would like to inform its shareholders that the Company had ceased the negotiation with the possible subscription due to commercial reasons. The termination of negotiation will have no material impact on the existing business operations and financial positions of the Company.

Looking forward, the management believes that the business and operating environment is full of challenges and volatility. Amidst an expectation of a slower growth in Mainland China, the market is facing a slowdown in economic growth, the economic structure has undergone significant changes during the transition from medium to long term.

In order to improve the performance of the Group and deliver the best returns to shareholders, the Group will continue to look for investment opportunities which strengthen the profitability under the acceptable risk in the portfolio of the Group. The management will continue to closely monitor the market situation and enhance all areas of operation, to raising levels of financial discipline and improving profitability within the Group.

Report of the Directors

The Board of the Company presents this report to the shareholders of the Company together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment company incorporated in the Cayman Islands. Its investment objective is to achieve medium-term to long-term capital appreciation of its assets primarily through investments in money market securities and equity and debt related securities in listed and/or unlisted companies or entities on a global basis.

SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Particulars of the Group's principal subsidiaries, associates and jointly controlled entities at 31 December 2014 are set out in notes 14 and 26, respectively, to the financial statements.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit and loss and other comprehensive income as set out on page 38 of the annual report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is given on page 80 of the annual report.

DIVIDEND

The Directors do not recommend the payment of any dividend for the Year (2013: nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Thursday, 18 June 2015 (the "**AGM**"). For further details of the AGM, please refer to page 35 of this annual report or the notice of AGM be dispatched in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of the shareholders who are entitled to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 15 June 2015. The register of members of the Company will be closed from Tuesday, 16 June 2015 to Thursday, 18 June 2015 (both dates inclusive), during which period no share transfers will be registered. Shareholders of the Company whose names appear on the register of the members of the Company at the opening of business on Thursday, 18 June 2015 are entitled to attend the AGM.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's authorised and issued share capital during the Year are set out in note 20 to the financial statements. Please also refer to capital structure as set out on page 6 of the annual report.

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 and note 25(b) to the financial statements.

DISTRIBUTABLE RESERVE

At 31 December 2014, the aggregate amount of reserve available for distribution to equity shareholders of the Company was HK\$909,331,529 (2013: HK\$861,801,659).

DIRECTORS

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

Non-executive Director

Mr ZHANG Xuguang ^{Note 2}

Executive Directors

Mr TENG Rongsong ^{Note 3}

Mr BAI Zhe ^{Note 1}

(Chairman)

Mr LIU Xiao Guang

Mr YUAN Chun ^{Note 4}

(Chief Executive Officer)

Independent Non-executive Directors

Mr WANG Xiangfei

Mr LU Gong ^{Note 5}

Mr SIN Yui Man ^{Note 6}

Mr FAN Ren Da, Anthony

Notes:

1. appointed on 20 January 2014 and re-designated as the chairman of the Board on 15 December 2014
2. resigned on 4 April 2014
3. re-designated as the chairman of the Board on 4 April 2014 and resigned on 15 December 2014
4. appointed as an executive Director and chief executive officer on 13 June 2014 and 15 December 2014 respectively
5. resigned on 1 September 2014
6. appointed on 1 September 2014

Mr LIU Xiao Guang and Mr FAN Ren Da, Anthony will retire by rotation from the Board in accordance with Article 88 of the articles of association of the Company (the “**Articles**”) at the AGM. Further, Mr YUAN Chun and Mr SIN Yui Man, the newly appointed by the Board as the Directors on 13 June 2014 and 1 September 2014 respectively will also retire from office in accordance with Article 87(3) of the Articles and, being eligible, will offer themselves for re-election as Directors of the Company at the AGM. Mr LIU Xiao Guang, Mr YUAN Chun, Mr SIN Yui Man and FAN Ren Da, Anthony, all being eligible, offer themselves for re-election.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 22 to 24 of the annual report.

DIRECTORS’ SERVICE CONTRACT

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any Director proposed for re-election at the AGM.

EMOLUMENTS OF DIRECTORS

Please refer to note 9 of the audited consolidated financial statements for details of the emoluments of the Directors.

The emoluments payable to the Directors are determined with reference to responsibilities, years of service and performance of each individual, the results of the Group and the prevailing market rate.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, none of the Directors or the chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)), which were required pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in the Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to any Directors or chief executive of the Company, as at 31 December 2014, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept the Company under section 336 of the SFO:

Long positions in the shares and underlying shares of the Company

Name of Shareholder	Nature of Interests	Number of issued shares of the Company held	Approximate percentage of the existing issued share capital of the Company
China Development Bank Corporation (" CDB ") (Note 1)	Corporate Interest	1,920,000,000	66.16%
China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) (" CDBC ") (Note 1)	Corporate Interest	1,920,000,000	66.16%
China Development Bank International Holdings Limited (" CDBIH ") (Note 1)	Corporate Interest	1,920,000,000	66.16%
Mr LIU Tong (Note 2)	Corporate Interest	163,702,560	5.64%
Yoobright Investments Limited (Note 2)	Corporate Interest	163,702,560	5.64%

Notes:

1. CDBIH is a wholly-owned subsidiary of CDBC. CDBC is a wholly-owned subsidiary of CDB. Thus, CDB and CDBC are deemed to be interested in the same percentage of shares held by CDBIH.
2. Yoobright is beneficially and wholly owned by Mr LIU Tong. Mr LIU Tong is therefore deemed to be interested in the same percentage of shares held by Yoobright.

Save as disclosed above, at 31 December 2014, the Company had not been notified by any person, other than Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in the Articles nor are there any pre-emptive rights provisions generally applicable under the law of the Cayman Islands.

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under present Cayman Islands law, transfer or other dispositions of Shares are exempted from Cayman Islands stamp duty.

(c) Professional tax advice recommended

Shareholders and intending holders of Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, Mr ZHANG Xuguang held directorship in CDBIH and Mr ZHANG Xuguang, Mr TENG Rongsong, Mr BAI Zhe and Mr YUAN Chun held certain positions in CDB group, which engaged in the same businesses of investment in Hong Kong and overseas as the Company. The potential conflicts of interest may arise in the allocation of investment opportunities to the Company and the other entities under CDB group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

On 29 September 2014, the Company and CDBIH entered into Jade Sino Subscription Agreement with Jade Sino. The Subscription (defined as below) by the Company pursuant to Jade Sino Subscription Agreement was completed on 13 November 2014. Mr TENG Rongsong, the executive Director of the Company during the period from 1 January 2014 to 15 December 2014, was also the director of Jade Sino. Mr TENG Rongsong has abstained from voting on the Board resolutions approving Jade Sino Subscription Agreement due to his directorship in Jade Sino.

Save as disclosed above, none of the Directors is materially interested either directly or indirectly in any contract or arrangement entered into with any member of the Group which contract or arrangement is subsisting at any time during the Year or as at 31 December 2014 and which is significant in relation to the business of the Group taken as a whole.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had conducted review of their related party transactions as set out in note 21 of the financial statements and are satisfied that related party transactions which constitute connected transactions or continuing connected transactions were properly disclosed in accordance with the Listing Rules.

Jade Sino Subscription Agreement

On 29 September 2014, the Company and CDBIH entered into Jade Sino Subscription Agreement in relation to the subscription of 11,904 and 13,096 ordinary shares of Jade Sino by the Company and CDBIH respectively with Jade Sino. Pursuant to Jade Sino Subscription Agreement, the Company has agreed to subscribe for, and Jade Sino has agreed to issue, 11,904 ordinary shares, representing approximately 23.81% of the enlarged issued share capital of Jade Sino, at the consideration of US\$24,998,400 (equivalent to approximately HK\$193,737,600). CDBIH has agreed to further subscribe for, and Jade Sino has agreed to issue, 13,096 ordinary shares, representing approximately 26.19% of the enlarged issued share capital of Jade Sino, at the consideration of US\$27,501,600 (equivalent to approximately HK\$213,137,400).

On 29 September 2014, Jade Sino was a wholly-owned subsidiary of CDBIH, the controlling shareholder of the Company. Therefore, Jade Sino is an associate of CDBIH and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under Jade Sino Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios are more than 5%, the transaction contemplated under Jade Sino Subscription Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

On 13 November 2014, the ordinary resolution in relation to approve, ratify and confirm Jade Sino Subscription Agreement and the subscription of 11,904 ordinary shares of Jade Sino by the Company pursuant to Jade Sino Subscription Agreement (the "**Subscription**") was duly passed by the independent shareholders of the Company by way of poll at the extraordinary general meeting. Since all the conditions precedent under Jade Sino Subscription Agreement have been fulfilled and the Subscription has been completed. After the subscription, each of the Company and CDBIH, held approximately 23.81% and 76.19% of the share capital of Jade Sino, respectively.

Investment Management Agreement

Pursuant to the old investment management agreement dated 3 March 2008, and as amended and restated by the amended and restated deed to old investment management agreement dated 9 March 2012 (the "**Old Investment Management Agreement**") between the Company and KBR Fund Management Limited (formerly known as KBR Management Limited) ("**KBR**"), the Company has appointed KBR to act as the investment manager of the Company for an initial term of three (3) years commencing on 1 March 2008 and the Company has retained KBR for another term of three (3) years commencing on 1 March 2011. The Old Investment Management Agreement expired on 28 February 2014 and KBR has ceased to be the investment manager of the Company with effect from the same date. During the Year, the Company incurred a fee of HK\$66,667 to KBR.

On 29 August 2014, the Company entered into the new investment management agreement (the “**New Investment Management Agreement**”) with HuaAn Asset Management (Hong Kong) Limited (“**HuaAn**”), pursuant to which HuaAn has agreed to act as the investment manager of the Company and to provide investment management services to the Company for a period of three years commencing from 1 September 2014 and expiring on 31 August 2017, for a management fee payable of HK\$350,000 per annum. HuaAn has been appointed as the investment manager of the Company with effect from 1 September 2014. During the Year, the Company incurred a fee of HK\$116,667 to HuaAn.

HuaAn is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules and the transactions contemplated under the New Investment Management Agreement (together with the annual caps) constitute continuing connected transactions. The management fee payable by the Company is HK\$350,000 per annum, and each of the percentage ratios on an annual basis was less than 5% on 29 August 2014. The transaction contemplated under the New Investment Management Agreement thus constitutes a continuing connected transaction pursuant to Chapter 14A of the Listing Rules and are therefore subject to the reporting, announcement, annual review requirements but are exempt from the independent shareholders’ approval requirements pursuant to Rule 14A.76 of the Listing Rules.

HuaAn was a company incorporated on 10 June 2010 in Hong Kong with limited liability and is a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

In accordance with Rule 14A.56 of the Listing Rules, the auditor of the Company has performed certain agreed upon procedures in respect of the continuing connected transactions and reported that the transactions entered into:

- (a) were approved by the Board of the Company;
- (b) were, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (c) were entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (d) have not exceeded the relevant annual caps.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed and approved the continuing connected transactions and confirmed that the continuing connected transactions were carried out in accordance with the following principles:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company’s shareholders as a whole.

Save as disclosed above, during the Year, the Group did not enter into any connected transactions or continuing connected transactions which require the compliance with the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A “Connected Transactions” of the Listing Rules.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 7 February 2005 (the “**Share Option Scheme**”). As at 31 December 2014, pursuant to Rules 17.07 and 17.09 of the Listing Rules, the particulars in relation to the Share Option Scheme were as follows:

1. Purpose

To give incentive to any executive director or employee of the Company, or any director or employee of any subsidiaries from time to time of the Company

2. Participants

Any director, employee, executive of the Company, or any subsidiaries from time to time of the Company

3. The total number of ordinary securities available for issue under the scheme together with the percentage of the issued share capital that it represents as at the date of the annual report

64,711,400 ordinary shares, which represents 2.23% of the issued share capital at date of this annual report

4. Maximum entitlement of each participant

Not to exceed 1% of the issued share capital in any 12 month period

5. Period within which the securities must be taken up under an option

30 calendar months commencing from the expiration of the first 6 calendar months period after the offer date of the relevant option

6. Minimum period for which an option must be held before it can be exercised

6 calendar months after the offer date of the relevant option

7. Amount payable on application or acceptance of the option

HK\$10

8. Period within which payments or calls must or maybe made or loans for such purpose must be repaid

Not applicable

9. The basis of determining the exercise price

The closing price of the share on the date of acceptance of grant or the average closing price of the 5 trading days preceding the day of acceptance of the relevant option or the nominal value of the share, whichever is higher

10. The remaining life of the share option scheme

Valid and effective for a period of 10 years after the date of adoption of the share option scheme unless otherwise terminated under the terms of the option scheme.

As at 31 December 2014, no option had been granted by the Company since the adoption of the Share Option Scheme. There are no options outstanding as at 1 January 2014 and 31 December 2014. During the Year, there were no share options exercised, lapsed or cancelled under the Share Option Scheme.

Save as disclosed above, none of the Directors or chief executive of the Company, or their respective associates had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the Year.

ARRANGEMENTS TO PURCHASE SHARES BY DIRECTORS

Details of the Company's share option scheme are set out in the section headed "Share Option Scheme" above.

No options were granted to, or exercised by, the Directors during the Year. There was no outstanding option granted to the Directors at the beginning and at the end of the Year.

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of the Company or any other body corporate.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 25 to 35.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

INVESTMENTS

Details of the Group's investments as at 31 December 2014 are set out on pages 7 to 9.

BANK LOAN, OVERDRAFTS AND OTHER BORROWINGS

The Group has no bank loan, overdraft or other borrowing outstanding as at 31 December 2014.

INTEREST CAPITALISED

There is no interest capitalised by the Group during the Year.

REVIEW OF THE ANNUAL RESULTS BY THE AUDIT COMMITTEE

As at 31 December 2014, all members of the audit committee of the Company (the "**Audit Committee**") are independent non-executive directors. The Audit Committee acts in an advisory capacity and makes recommendations to the Board. The Group's 2014 annual results were reviewed and recommended to the Board for approval by the Audit Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS' INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, an annual confirmation or a confirmation letter of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float as required under the Listing Rules during the year.

AUDITOR

The consolidated financial statements for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants, who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment.

By Order of the Board

China Development Bank International Investment Limited

BAI Zhe

Chairman

Hong Kong, 25 March 2015

Biographical Details of Directors and Senior Management

Mr BAI Zhe (Chairman)

Mr BAI Zhe, aged 38, has been appointed as an executive Director of the Company since 20 January 2014. He is also the chairman of the Board and the chairman of the nomination committee of the Company. He currently is the deputy chief executive officer of CDBIH. Mr BAI joined the Company in July 2012 as the managing director of the Company. He served as the chief operating officer of CDBIH from 2013 to 2014. Prior to that, Mr BAI served as the deputy division head of Direct Investment Division IV and the division head of International Business Division of CDBC from 2011 to 2014. From 1998 to 2011, Mr BAI had been working at, in chronological order, Tianjin Branch, a working mission of South America, Hong Kong Branch and International Finance Department of CDB. Mr BAI obtained a Bachelor's degree in Law from Xiamen University in 1998. Mr BAI has extensive experience in general corporate management, international banking, finance and investment management.

Mr LIU Xiao Guang

Mr LIU Xiao Guang, aged 60, has been appointed as an executive Director of the Company since April 2004. He is also a member of the remuneration committee of the Company. Mr LIU obtained a bachelor degree in economics from Beijing Commerce College in 1983. Mr LIU is currently the chairman of Beijing Capital Group Co., Ltd. ("**The Capital Group**"), a large-sized enterprise group under the direct supervision of Beijing Municipal People's Government. He is also the chairman of Beijing Capital Co. Ltd. (listed on the Shanghai Stock Exchange, stock code: 600008), which is a A-share company listed on the Shanghai Stock Exchange and is a water-supply and infrastructure investment company. Mr LIU is also the chairman of the board of directors of Beijing Capital Land Ltd. (listed on the Stock Exchange, stock code: 2868), which is an H-share company listed on the main board of the Stock Exchange and is a property developer in Beijing, focusing primarily on developing quality/high-end office buildings and commercial properties and medium to high-end residential properties. He is also the director of Beijing Capital (Hong Kong) Limited, an executive director of Capital Environmental Holdings Limited (formerly known as New Environmental Energy Holdings Limited) (listed on the Stock Exchange, stock code: 3989) and a non-executive director of Juda International Holdings Limited (listed on the Stock Exchange, stock code: 1329). Mr LIU has served as deputy general manager of The Capital Group from November 1995 to August 2000, served as its general manager from August 2000 to January 2013 and its deputy chairman from November 1995 to January 2013. Mr LIU was the deputy director of the Beijing Municipal Planning Commission, deputy secretary-general of the City Planning and Construction Exchange and an adjunct professor of Beijing Commerce College. He has extensive experience in the management and supervision of large investment projects, and in various sectors and industries, including finance, securities, futures, foreign currency, real estate, commerce, foreign trade, tourism, consultancy and government investment fund. Mr LIU also participated extensively in the review and approval of foreign investment projects as well as in supervising the preparation of foreign investment research and feasibility studies in Beijing.

Biographical Details of Directors and Senior Management

Mr YUAN Chun (*Chief Executive Officer*)

Mr YUAN Chun, aged 45, has been appointed as an executive Director of the Company since 13 June 2014. He is also the chief executive officer of the Company. Mr YUAN served as the chief operating officer of CDBIH from December 2014. He is also a director of certain subsidiaries of the Company and CDBIH. He joined CDBIH as the managing director of the investment division in April 2013. Mr YUAN was the vice president of the Company from 13 June 2014 to 15 December 2014. Prior to CDBIH, Mr YUAN held various senior positions in several financial institutions. From 1995 to 1998, Mr YUAN worked in the People's Bank of China. From 2002 to 2008, Mr YUAN worked with Global Markets division at Deutsche Bank and was a director in Capital Markets Department in HSBC. From 2008 to 2013, Mr YUAN was a managing director in ING Bank N.V. Hong Kong Branch and a managing director of Reorient Financial Markets Limited, a wholly-owned subsidiary of Reorient Group Limited (stock code: 376). Mr YUAN holds an MBA degree from INSEAD. He also holds a bachelor degree in economics from Peking University and an M.A. degree in international finance from the Graduate School of the People's Bank of China. Mr YUAN has extensive experience in corporate investment and finance and investment banking.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr WANG Xiangfei

Mr WANG Xiangfei, aged 63, has been appointed as an independent non-executive Director of the Company since 21 March 2012. He is also the chairman of the audit committee and a member of the nomination committee of the Company. Mr WANG is the vice chief financial officer of Sonangol Sinopec International Co., Ltd., the financial advisor of China Sonangol International Holding Limited, the executive director of Nan Nan Resources Enterprise Limited (listed on the Stock Exchange, stock code:1229) and the external supervisor of Shenzhen Rural Commercial Bank. Besides, Mr WANG is also the independent non-executive director of SEEC Media Group Limited (listed on the Stock Exchange, stock code: 205). Mr WANG has worked in senior management teams of a couple of companies engaging in banking and other financial services. Mr WANG is a senior accountant, graduated from Renmin University of China, majoring in finance and received a bachelor degree in economics. Mr WANG had worked in the Faculty of the Finance Department of Renmin University of China. In the last six years, Mr WANG was an independent non-executive director of China CITIC Bank Co., Ltd. (listed on the Stock Exchange and Shanghai Stock Exchange, A shares stock code: 601998; H shares stock code: 998) and was an independent non-executive director of Shandong Chenming Paper Holdings Limited (listed both on the Stock Exchange and Shenzhen Stock Exchange, A shares stock code: 000488; B shares stock code: 200488; H shares stock code: 1812) for three years.

Biographical Details of Directors and Senior Management

Mr SIN Yui Man

Mr SIN Yui Man, aged 57, has been appointed as an independent non-executive Director of the Company since 1 September 2014. He is also the chairman of the remuneration committee and a member of the audit committee of the Company. Mr SIN has over 30 years of experience in treasury and corporate banking. Prior to joining the Company, Mr SIN served in Ping An Bank Co., Ltd., (listed on the Shenzhen Stock Exchange, stock code: 000001), Hong Kong Representative Office as the Chief Representative; Agricultural Bank of China Limited (listed on the Stock Exchange, stock code: 1288) as Alternate Chief Executive in its Hong Kong Branch; as well as in senior management positions at Standard Chartered Bank and Société Générale S.A. (SocGen) in Hong Kong. In 2011, Mr SIN was elected as a member of the Chief Executive Election Committee in Hong Kong. He is currently serving as a member in the Committee on Shopping-Related Practices of the Travel Industry Council of Hong Kong, as well as the Secretary General of the Friends of Dunhuang Hong Kong. Mr SIN is a graduate of the Social Science Faculty of the University of Hong Kong, and possesses a post-graduate degree in Master of Business Administration from INSEAD.

Mr FAN Ren Da, Anthony

Mr FAN Ren Da, Anthony, aged 54, has been appointed as an independent non-executive Director of the Company since 21 March 2012. He is also a member of the audit committee, a member of the remuneration committee and a member of the nomination committee of the Company. Mr FAN holds a Master's Degree in Business Administration from the United States of America. He is the chairman and managing director of AsiaLink Capital Limited. Mr FAN is also the independent non-executive director of Technovator International Limited (listed on the Stock Exchange, stock code: 1206), Raymond Industrial Limited (listed on the Stock Exchange, stock code: 229), Shanghai Industrial Urban Development Group Limited (listed on the Stock Exchange, stock code: 563), Renhe Commercial Holdings Company Limited (listed on the Stock Exchange, stock code: 1387), Tenfu (Cayman) Holdings Limited (listed on the Stock Exchange, stock code: 6868), CITIC Resources Holdings Limited (listed on the Stock Exchange, stock code: 1205), Guodian Technology & Environment Group Corporation Limited (listed on the Stock Exchange, stock code: 1296), Uni-President China Holdings Limited (listed on the Stock Exchange, stock code: 220), Hong Kong Resources Holdings Company Limited (listed on the Stock Exchange, stock code: 2882), LT Commercial Real Estate Limited (formerly known as LT Holdings Limited) (listed on the Stock Exchange, stock code: 112), Neo-Neon Holdings Limited (listed on the Stock Exchange, stock code: 1868) and CGN Meiya Power Holdings Co., Ltd. (listed on the Stock Exchange, stock code: 1811). In the last three years, Mr FAN was an independent non-executive director of Shenzhen World Union Properties Consultancy Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 2285) and Chinney Alliance Group Limited (listed on the Stock Exchange, stock code: 385).

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Directors believe that the Company complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 to the Listing Rules for the Year, except for the Code Provisions A.2.1, A.2.7 and F.1.3 of the CG Code.

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. During the period from 4 April 2014 to 15 December 2014, Mr TENG Rongsong was the chairman of the Board and the chief executive officer of the Company. Mr TENG was supported by the management team of the Company to perform the duties of the chairman of the Board and the chief executive officer of the Company during the transitional period. Mr TENG resigned as the chairman of the Board and the chief executive officer on 15 December 2014 and Mr BAI Zhe was re-designated as the chairman of the Board and Mr YUAN Chun was appointed as the chief executive officer on the same day. Therefore the Company has complied with the Code Provision A.2.1 since 15 December 2014.

Under the Code Provision A.2.7 of the CG Code, the chairman of the board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. During the Year, due to the geographical barriers Mr ZHANG Xuguang, Mr TENG Rongsong and Mr BAI Zhe, during their tenure as the chairman of the Board did not held any meeting with all independent non-executive Directors without the executive Directors present.

Under the Code Provision F.1.3 of the CG Code, the company secretary should report to the board chairman and/or the chief executive. Mr WONG Kwok Ho, the company secretary of the Company, does not directly report to the chairman of the Board and/or the chief executive officer of the Company, Mr ZHANG Xuguang and/or Mr TENG Rongsong, during the period from 1 January to 15 December 2014. Throughout the Year, Mr WONG Kwok Ho directly reports to Mr BAI Zhe. Mr BAI has been appointed as an executive Director of the Company since 20 January 2014 and re-designated as the chairman of the Board since 15 December 2014.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries by the Company, the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Year.

BOARD OF DIRECTORS

As at 31 December 2014, the Board comprised six Directors with three executive Directors, namely Mr BAI Zhe, Mr LIU Xiao Guang and Mr YUAN Chun and three independent non-executive Directors, namely Mr WANG Xiangfei, Mr SIN Yui Man and Mr FAN Ren Da, Anthony. Each Director possesses expertise and experience and provides checks and balances for safeguarding the interests of the Group and the shareholders as a whole. Mr WANG Xiangfei, one of the three independent non-executive Directors, possesses appropriate professional accounting qualifications and financial management expertise. The independent non-executive Directors, as equal board members, gave the board and the board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. The independent non-executive Directors had attended the general meetings of the Company and developed a balanced understanding of the views of shareholders. The biographical details of the current Directors are set out on pages 22 to 24 of this annual report.

The Company adopted a Board diversity policy (the “**Diversity Policy**”) which became effective on August 2013. This Diversity Policy aims to set out the approach to achieve diversity on the Company’s Board of Directors. All Board appointments are based on merits, and have been paid due regard for the benefits of diversity on the Board in selecting candidates.

The Board is responsible for formulating the overall strategic development, reviewing and monitoring the business performance of the Group, approving investment proposals as well as approving the financial statements of the Group. The independent non-executive Directors, with a wide range of expertise and a balance of skills, bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings.

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Company has received annual confirmation from each independent non-executive Director that they met all the independence set out in Rule 3.13 of Chapter 3 of the Listing Rules, and the Board considers these independent non-executive Directors to be independent.

During the Year, the names of the Directors had been disclosed in all corporate communications of the Company with the independent non-executive Directors identified. Besides, the Company had maintained on the websites of the Company and the Stock Exchange an updated list of the Directors identifying their roles and functions and whether they are independent non-executive Directors.

The Board had determined regularly the disclosure in relation to each Director for any change, the number and nature of offices held in public companies or organizations and other significant commitments.

The Board meets regularly throughout the Year to review the overall strategy and to monitor the operation of the Group. The Company held four regular Board meetings for a year. Notice of at least 14 days for each of the regular meetings was given to the Directors. The Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular Board meetings are sent out in full to all Directors at least 3 days before the meetings. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation. Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

During the Year, eight physical full board meetings (of which four were regular quarterly meetings) and one independent board committee meeting were held and the individual attendance of each director during his tenure is set out below:

Name of Director	Number of entitled board meetings attended	Attendance rate	Number of entitled independent board meeting attended	Attendance rate
Non-executive Director				
Mr ZHANG Xuguang ^{Note 2}	0/2	0.00%	N/A	N/A
Executive Directors				
Mr TENG Rongsong ^{Note 3}	5/8	62.50%	N/A	N/A
Mr BAI Zhe ^{Note 1}	8/8	100.00%	N/A	N/A
Mr LIU Xiao Guang	5/8	62.50%	N/A	N/A
Mr YUAN Chun ^{Note 4}	5/5	100.00%	N/A	N/A
Independent Non-executive Directors				
Mr WANG Xiangfei	8/8	100.00%	1/1	100.00%
Mr LU Gong ^{Note 5}	3/4	75.00%	N/A	N/A
Mr SIN Yui Man ^{Note 6}	4/4	100.00%	1/1	100.00%
Mr FAN Ren Da, Anthony	8/8	100.00%	1/1	100.00%

Notes:

- appointed on 20 January 2014 and re-designated as the chairman of the Board on 15 December 2014
- resigned on 4 April 2014
- re-designated as the chairman of the Board on 4 April 2014 and resigned on 15 December 2014
- appointed as an executive Director on 13 June 2014 and appointed as the chief executive officer on 15 December 2014
- resigned on 1 September 2014
- appointed on 1 September 2014

During the Year, the Company had arranged the professional training to the Directors to develop and refresh their knowledge and skills relevant to the directors' duties. Mr TENG Rongsong, Mr BAI Zhe, Mr LIU Xiao Guang, Mr YUAN Chun, Mr WANG Xiangfei, Mr SIN Yui Man and Mr FAN Ren Da, Anthony had participated a training provided by the external legal professional, Freshfields Bruckhaus Deringer, on 15 December 2014.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the period from 1 January to 4 April 2014, Mr ZHANG Xuguang and Mr TENG Rongsong were the chairman and chief executive officer of the Company respectively. The roles of the chairman and chief executive officer are segregated with a clear division of responsibilities and are not exercised by the same individual. The chairman of the Board, Mr ZHANG Xuguang, is a non-executive Director who is responsible for the leadership and effective running of the Board. The chief executive officer, Mr TENG Rongsong, is an executive Director who exercises all the powers, authorities and discretions that may be delegated to him by the Board in respect of the Group.

After the resignation of Mr ZHANG Xuguang, for the period from 4 April 2014 to 15 December 2014, Mr TENG Rongsong was the chairman of the Board and the chief executive office of the Company. Mr TENG was supported by the management team of the Company to perform the duties of the chairman of the Board and the chief executive office of the Company during the transitional period.

After the resignation of Mr TENG Rongsong, for the period from 15 to 31 December 2014, Mr BAI Zhe and Mr YUAN Chun were the chairman and chief executive officer of the Company respectively. The roles of the chairman and chief executive officer are segregated with a clear division of responsibilities and are not exercised by the same individual. The chairman of the Board, Mr BAI Zhe, is an executive Director who is responsible for the leadership and effective running of the Board. The chief executive officer, Mr YUAN Chun, is an executive Director who exercises all the powers, authorities and discretions that may be delegated to him by the Board in respect of the Group.

RE-ELECTION OF DIRECTORS

Each of the executive Directors of the Company has entered into a service contract with the Company for a term of three years. However, such term is subject to his re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Articles. In accordance with the relevant provisions in the Articles, the appointment of Directors is considered by the Board and they must stand for election by shareholders at the annual general meetings.

NON-EXECUTIVE DIRECTORS

The non-executive Director and independent non-executive Directors of the Company are appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the provisions of the Articles.

AUDIT COMMITTEE

As at 31 December 2014, the Audit Committee comprises three members, namely, Mr WANG Xiangfei, Mr SIN Yui Man and Mr FAN Ren Da, Anthony, all independent non-executive Directors. During the Year, the majority members of the Audit Committee were independent non-executive Directors. The chairman of the Audit Committee is Mr WANG Xiangfei, an independent non-executive Director of the Company. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules.

The members of the Audit Committee meet regularly to review the reporting of financial and other information to shareholders, the system of internal control, risk management, the effectiveness and objectivity of the audit process. The Audit Committee acts in an advisory capacity and makes recommendations to the Board. The terms of reference of the Audit Committee which explained the role and the authority delegated to the Audit Committee by the Board adopted and revised in 2012 is available on the websites of the Company and the Stock Exchange.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the Year.

During the Year, two Audit Committee meetings were held and the individual attendance of each member during his tenure is set out below:

Name of Director	Number of Audit Committee meetings attended	Attendance rate
Mr ZHANG Xuguang ^{Note 1}	0/1	0.00%
Mr WANG Xiangfei	2/2	100.00%
Mr LU Gong ^{Note 3}	2/2	100.00%
Mr FAN Ren Da, Anthony ^{Note 2}	1/1	100.00%

Notes:

1. resigned on 4 April 2014
2. appointed on 4 April 2014
3. resigned on 1 September 2014

REMUNERATION COMMITTEE

As at 31 December 2014, the remuneration committee of the Company (the “**Remuneration Committee**”) comprises three members, namely Mr LIU Xiao Guang, Mr SIN Yui Man and Mr FAN Ren Da, Anthony. During the Year, the majority members of the Remuneration Committee were independent non-executive Directors. The independent non-executive Directors, Mr LU Gong and Mr SIN Yui Man were the chairman of the Remuneration Committee for the period from 1 January to 1 September 2014 and from 1 September to 31 December 2014 respectively. The Remuneration Committee advises the Board on the Group’s overall policy and structure for the remuneration of Directors and senior management. The terms of reference of the Remuneration Committee which explained the role and the authority delegated to the Remuneration Committee by the Board was adopted and revised in 2012 and is available on the websites of the Company and the Stock Exchange.

In determining the emolument payable to Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions of the Group and the desirability of performance-based remuneration. During the Year, the Remuneration Committee had made recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the Year, three Remuneration Committee meetings were held and the individual attendance of each member during his tenure is set out below:

Name of Director	Number of Remuneration Committee meetings attended	Attendance rate
Mr LIU Xiao Guang	2/3	66.67%
Mr LU Gong ^{Note 1}	2/2	100.00%
Mr SIN Yui Man ^{Note 2}	1/1	100.00%
Mr FAN Ren Da, Anthony	3/3	100.00%

Notes:

1. resigned on 1 September 2014
2. appointed on 1 September 2014

NOMINATION COMMITTEE

As at 31 December 2014, the nomination committee of the Company (the “**Nomination Committee**”) comprises three members, namely Mr BAI Zhe, Mr WANG Xiangfei and Mr FAN Ren Da, Anthony. During the Year, the majority members of the Nomination Committee were independent non-executive Directors. The chairman of the Board, Mr ZHANG Xuguang, Mr TENG Rongsong and Mr BAI Zhe were also the chairman of the Nomination Committee for the period from 1 January to 4 April 2014, from 4 April to 15 December 2014 and from 15 to 31 December 2014 respectively. The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy. The terms of reference of the Nomination Committee which explained the role and the authority delegated to the Nomination Committee by the Board was adopted in 2012 is available on the websites of the Company and the Stock Exchange. The nomination committee has reviewed the progress of implementation of Diversity Policy. During the Year, the Nomination Committee had reviewed the structure, size and composition of the Board including the Directors’ skills, knowledge and experience.

During the Year, three Nomination Committee meetings were held and the individual attendance of each member during his tenure is set out below:

Name of Director	Number of Nomination Committee meetings attended	Attendance rate
Mr ZHANG Xuguang ^{Note 1}	1/1	0.00%
Mr TENG Rongsong ^{Note 2}	2/2	100.00%
Mr WANG Xiangfei	3/3	100.00%
Mr FAN Ren Da, Anthony	3/3	100.00%

Notes:

1. resigned on 4 April 2014
2. appointed on 4 April 2014 and resigned on 15 December 2014

AUDITOR'S REMUNERATION

Deloitte was appointed by the shareholders as the Company's auditor at the annual general meeting held on 19 June 2014 (the "AGM 2014"). The audit services engagement for 2014 had been reviewed and approved by the Audit Committee.

During the Year, the remuneration paid to Deloitte for the audit and non-audit services rendered to the Group were as follows:

	HK\$
Interim review services ^{Note 1}	380,000
Annual audit services ^{Note 2}	1,028,000
Other non-audit services ^{Note 3}	87,000

Notes:

1. The external auditor had reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2014.
2. The external auditor had provided the audit services to the Company for the Year.
3. The external auditor had provided tax compliance services and other services in relation to the review on results announcement and continuing connected transaction for the Year.

COMPANY SECRETARY

Pursuant to Rule 3.29 of the Listing Rules, in each financial year the company secretary of the Company must take no less than 15 hours of relevant professional training. A person who was a company secretary of the company on or after 1 January 2005 must comply with Rule 3.29 of the Listing Rules for the financial year commencing on or after 1 January 2012. Mr WONG Kwok Ho, the company secretary of the Company confirmed that he had taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules during the Year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibility to prepare financial statements for each half and full financial year which give a true and fair view of the state of affairs of the Group. The Directors also ensure the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency in communicating with shareholders and the investment community at large. The Company is committed to maintain an open and effective communication policy to update its shareholders and investors on relevant information on its business through the annual general meeting, the annual and interim reports, notices, announcements, circulars as well as Company's website.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors.

Calling an extraordinary general meeting

Pursuant to the Articles 58, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company at the principal place of business in Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisition must (i) state the objects of the meeting, (ii) state the name(s) of the requisitionist(s), (iii) the contact details of the requisitionist(s), (iv) the number of ordinary shares of the Company held by the requisitionist(s), (v) be signed by the requisitionist(s) and (vi) be deposited at the Company's head office and principal place of business in Hong Kong at Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.

Putting enquiries to the Board

Shareholders of the Company may send their enquiries requiring the Board's attention to the company secretary of the Company at the Company's head office and principle office in Hong Kong. Questions about the procedures for convening or putting forward proposals at the annual general meeting or extraordinary general meeting may also be put to the company secretary by the same means.

Putting forward proposals at general meetings

Article 89 provides that no person, other than a retiring Director of the Company at the meeting, shall be eligible for election to the office of Director of the Company at any general meeting unless:

- (i) such person is recommended by the Directors of the Company; or
- (ii) a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office (as defined in the Articles) provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting

appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a shareholder wishes to nominate a person to stand for election as a Director of the Company at any general meeting, the following documents must be validly served on the company secretary of the Company within the abovementioned period at the head office or at the registered office of the Company, namely:

- (i) the shareholder's signed notice of intention to propose a person for election as Director of the Company at the general meeting;
- (ii) a notice signed by the nominated candidate indicated his/her willingness to be appointed;
- (iii) the candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and
- (iv) the candidate's written consent to the publication of his/her personal information.

General meetings

On 19 June 2014, the Company had convened the AGM 2014 at 10th Floor, Winland International Financial Center, No. 7 Financial Street, Xicheng District, Beijing, People's Republic of China. At the AGM 2014, the shareholders of the Company had passed the ordinary resolutions in relation to (i) receive and consider the audited consolidated financial statements together with the reports of directors and auditor of the Company for the year ended 31 December 2013; (ii) re-elect the retiring Directors and authorize the Board to fix the remuneration of the Directors; (iii) appoint Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, as the auditor of the Company and to authorize the Board to fix their remuneration; and (iv) grant the general mandate to the Directors to exercise the powers of the Company to issue and repurchase shares of the Company.

On 13 November 2014, the Company had convened the extraordinary general meeting (the "EGM") at 10th Floor, Winland International Financial Center, No. 7 Financial Street, Xicheng District, Beijing, People's Republic of China. At the EGM, the shareholders of the Company had passed an ordinary resolution to approve, ratify and confirm Jade Sino Subscription Agreement and the Subscription.

The individual attendance of each Director at the general meetings of the Company during his tenure is set out below:

Name of Director	Number of entitled general meeting attended	Attendance rate
Executive Directors		
Mr TENG Rongsong ^{Note 2}	2/2	100.00%
Mr BAI Zhe ^{Note 1}	2/2	100.00%
Mr LIU Xiao Guang	2/2	100.00%
Mr YUAN Chun ^{Note 3}	2/2	100.00%
Independent Non-executive Directors		
Mr WANG Xiangfei	2/2	100.00%
Mr LU Gong ^{Note 4}	1/1	100.00%
Mr SIN Yui Man ^{Note 5}	1/1	100.00%
Mr FAN Ren Da, Anthony	2/2	100.00%

Notes:

1. appointed on 20 January 2014 and re-designated as the chairman of the Board on 15 December 2014
2. re-designated as the chairman of the Board on 4 April 2014 and resigned on 15 December 2014
3. appointed as an executive Director on 13 June 2014 and appointed as the chief executive officer on 15 December 2014
4. resigned on 1 September 2014
5. appointed on 1 September 2014

The forthcoming annual general meeting of the Company will be held on Thursday, 18 June 2015 at 10th Floor, Winland International Financial Center, No. 7 Financial Street, Xicheng District, Beijing, People's Republic of China at 11:00 a.m. As at the date of this report, the Company issued 2,902,215,360 ordinary shares of HK\$0.01 each in the share capital of the Company.

INTERNAL CONTROLS

Mr WONG Kwok Ho, the qualified accountant who is also the company secretary of the Company had performed a review on the internal control systems of the Company during 2014. The report was submitted to the Audit Committee to review. The Board through the Audit Committee has conducted a review of the effectiveness of the internal control system of the Company annually which cover all material controls, including financial, operational and compliance control and risk management functions. The annual review is to ensure the reasonable assurance on the following areas:—

- (i) control environment: organization structure, attitudes, awareness and actions in relation to the governance and management;
- (ii) entity's risk assessment process;
- (iii) information system;
- (iv) control activities: segregation of duties, physical control activities, authorization and approval procedure, arithmetical and account, supervision, management information and general controls and monetary receipts and payments.

The Audit Committee had reviewed annually the need to establish internal audit function to improve the effectiveness of risk management, control and governance process.

The Board ensures the inside information is kept strictly confidential until the relevant announcement is made. The Directors are not aware any significant areas which need to brought to the attention of the shareholders of the Company.

During the Year, the compliance manual of the Company (the "**Compliance Manual**") applicable to the employees and the Directors was adopted in 2012. The Compliance Manual stated the policy of the Company in relation to the compliance responsibility, ethical conduct, confidentiality, insider dealing, Chinese Walls, conflicts of interest, inducements, personal investment policy, anti-money laundering policy, complaints, criticisms and legal actions policy, whistleblowing policy and corporate governance policy. The Board determinate the policy for the corporate governance of the Company and the duties were performed by the Board.

Independent Auditor's Report



TO THE SHAREHOLDERS OF CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LIMITED

國開國際投資有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Development Bank International Investment Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 38 to 79, which comprise the consolidated statement of financial position as at 31 December 2014, and the 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.

DIRECTOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 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
25 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	2014 HK\$	2013 HK\$
Investment income	6	52,727,655	27,676,408
Change in fair value of financial assets held for trading		(14,582,486)	28,790,609
Change in fair value of investments designated at fair value through profit or loss		25,468,016	(8,336,063)
Interest income		1,902,037	4,109,435
Gain on disposal of available-for-sale financial assets		–	929,464
General and administrative expenses		(20,197,545)	(38,605,051)
Share of results of associates		3,632,484	5,894,027
Profit before taxation		48,950,161	20,458,829
Income tax expense	7	(391,188)	(2,274,903)
Profit for the year attributable to owners of the Company	8	48,558,973	18,183,926
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		(236,085)	2,003,487
Change in fair value of available-for-sale financial assets		–	(4,395,080)
Reclassified upon disposal of available-for-sale financial assets		–	(929,464)
Other comprehensive income for the year		(236,085)	(3,321,057)
Total comprehensive income for the year attributable to owners of the Company		48,322,888	14,862,869
Earnings per share			
– Basic (HK cents)	12	1.67	0.63

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	13	–	5,783
Interests in associates	14	72,415,974	71,343,476
Financial assets at fair value through profit or loss	15	196,342,657	503,320,461
		268,758,631	574,669,720
Current assets			
Financial assets at fair value through profit or loss	15	434,130,306	32,065,404
Other receivables, prepayments and deposits	16	206,510	23,262,904
Bank balances and cash	17	414,901,459	442,728,651
		849,238,275	498,056,959
Current liability			
Accruals	18	(2,840,963)	(6,284,812)
		846,397,312	491,772,147
Net current assets			
Total assets less current liability			
		1,115,155,943	1,066,441,867
Non-current liability			
Deferred taxation	19	(2,512,483)	(2,121,295)
		1,112,643,460	1,064,320,572
Net assets			
Capital and reserves			
Share capital	20	29,022,154	29,022,154
Reserves		1,083,621,306	1,035,298,418
		1,112,643,460	1,064,320,572
Net asset value per share	27	0.38	0.37

The financial statements on pages 38 to 79 were approved and authorised for issue by the directors on 25 March 2015 and are signed on its behalf by:

BAI Zhe
DIRECTOR

YUAN Chun
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company							
	Share capital	Share premium	Special reserve	Investment revaluation reserve	Exchange reserve	Capital redemption reserve	Accumulated losses	Total
	HK\$	HK\$	HK\$ (Note)	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2013	29,022,154	1,043,800,995	382,880,958	5,324,544	13,719,516	270,200	(425,560,664)	1,049,457,703
Profit for the year	-	-	-	-	-	-	18,183,926	18,183,926
Other comprehensive income								
Change in fair value of available-for-sale financial assets	-	-	-	(4,395,080)	-	-	-	(4,395,080)
Reclassified upon disposal of available-for-sale financial assets	-	-	-	(929,464)	-	-	-	(929,464)
Exchange differences arising on translation	-	-	-	-	2,003,487	-	-	2,003,487
Total comprehensive (expense) income for the year	-	-	-	(5,324,544)	2,003,487	-	18,183,926	14,862,869
At 31 December 2013	29,022,154	1,043,800,995	382,880,958	-	15,723,003	270,200	(407,376,738)	1,064,320,572
Profit for the year	-	-	-	-	-	-	48,558,973	48,558,973
Other comprehensive income								
Exchange differences arising on translation	-	-	-	-	(236,085)	-	-	(236,085)
Total comprehensive (expense) income for the year	-	-	-	-	(236,085)	-	48,558,973	48,322,888
At 31 December 2014	29,022,154	1,043,800,995	382,880,958	-	15,486,918	270,200	(358,817,765)	1,112,643,460

Note: Special reserve represents the difference between the amount recorded as share capital issued by the Company pursuant to a scheme of arrangement which became effective in April 2005 under section 670 and 673 of the Hong Kong Companies Ordinance (Cap. 622) in respect of ING Beijing Investment Company Limited ("ING Beijing") and the amount recorded for the share capital of ING Beijing acquired. ING Beijing was liquidated in November 2005.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK\$	2013 HK\$
Operating activities		
Profit before taxation	48,950,161	20,458,829
Adjustments for:		
Depreciation of property, plant and equipment	5,783	22,305
Interest income	(1,902,037)	(4,109,435)
Share of results of associates	(3,632,484)	(5,894,027)
Change in fair value of financial assets held for trading	14,582,486	(28,790,609)
Change in fair value of investments designated at fair value through profit or loss	(25,468,016)	8,336,063
Gain on disposal of available-for-sale financial assets	-	(929,464)
Operating cash flows before movements in working capital	32,535,893	(10,906,338)
Decrease (increase) in other receivables, prepayments and deposits	23,056,394	(6,599,705)
Decrease in accruals	(3,443,849)	(4,908,940)
Cash generated from (used in) operations	52,148,438	(22,414,983)
Income taxes paid	-	(1,658,103)
Net cash from (used in) operating activities	52,148,438	(24,073,086)
Investing activities		
Interest received	1,902,037	4,109,435
Dividend received from an associate	2,323,901	1,606,425
Proceeds from disposal of available-for-sale financial assets	-	16,709,762
Proceeds from disposal of financial assets held for trading	32,785,952	38,247,010
Repayment of principal of investments designated at fair value through profit or loss	78,000,000	39,000,000
Purchase of financial assets at fair value through profit or loss	(194,987,520)	(349,812,500)
Net cash used in investing activities	(79,975,630)	(250,139,868)
Net decrease in cash and cash equivalents	(27,827,192)	(274,212,954)
Cash and cash equivalents at the beginning of the year	442,728,651	716,941,605
Cash and cash equivalents at the end of the year, represented by bank balances and cash	414,901,459	442,728,651

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate parent company is China Development Bank International Holdings Limited, a private limited company incorporated in Hong Kong and its ultimate parent company is China Development Bank Corporation (“**CDB**”), a wholly state-owned policy bank established on 17 March 1994 in the People’s Republic of China (“**PRC**”). CDB is a joint stock commercial bank established jointly by the Ministry of Finance (“**MOF**”) and Central Huijin Investment Ltd (“**Huijin**”). The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. Huijin was established to hold certain equity investments as authorised by the State Council and does not engage in other commercial activities. Huijin exercises legal rights and obligations on behalf of the PRC government. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The principal activities of the Company and its subsidiaries (the “**Group**”) are to achieve medium-term to long-term capital appreciation of its assets primarily through its investments in money market securities and equity and debt related securities in listed and unlisted entities on a global basis. Details of the principal activities of the Company’s subsidiaries are set out in note 26.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new and revised Hong Kong Accounting Standards (“**HKAS(s)**”), Hong Kong Financial Reporting Standards (“**HKFRS(s)**”), amendments and interpretations (“**HK (IFRIC) – Int**”) (hereinafter collectively referred to as the “**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

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

Except for as described below, the application of the above new or 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

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

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

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

- obtain funds from one or more investors for the purpose of providing them with investment management service;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

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

The Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impacts on the disclosures or the amounts recognised in the Group's consolidated financial statements.

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

HKFRS 9	Financial instruments ⁶
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁵
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plant ³
Amendments to HKAS 19	Defined benefit plans: Employees Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³

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

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

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revision version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortised cost or fair value. Under HKFRS 9, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may take an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

HKFRS 9 Financial Instruments (continued)

- The new general hedge accounting requirements retain the three types on hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge accounting. In additions, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors anticipate that the application of the above new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. 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 they control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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 Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Investments in associates

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Leasing

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses for tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

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

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

Financial assets at FVTPL

Financial assets at FVTPL have two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

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
- 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 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with changes in fair value arising from remeasurement directly recognised in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 23(c).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

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

Equity securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

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

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

Loans and receivables

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

Impairment of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

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

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

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

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 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.

Financial liabilities

Financial liabilities (including other payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management has made various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

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

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

Fair value of financial instruments

The Group selects appropriate valuation techniques for financial instruments not quoted in an active market and making assumptions that are based on market conditions existing at the end of each reporting period. Valuation techniques commonly used by market practitioners are applied. The inputs are taken from observable markets where possible, but where this is not feasible, unobservable data is used based on the directors' judgement.

For the valuation of unlisted derivative financial instruments, unlisted local convertible bonds, unlisted overseas senior secured guaranteed convertible notes and unlisted overseas loan that are classified as financial assets at fair value through profit or loss as set out in note 15, appropriate assumptions are used based on unobservable data as adjusted for specific features of the instruments. The carrying amounts of these financial instruments at 31 December 2014 are HK\$630,472,963 (2013: HK\$503,320,461).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The Board of the Company has delegated the valuation work to finance division, which is headed up by the vice president of finance division of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, 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 the valuation. The finance division works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The vice president of finance division of the Company reports the finance division's findings to the Board of the Company regularly to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 23 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

5. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the Company's executive directors. The Group's principal activity is investment in equity instruments and other financial instruments. For the purpose of resources allocation and assessment of performance, the CODM regularly reviews the Group's investment portfolio, including financial assets at fair value through profit or loss. Information provided to the CODM includes fair value of the respective investees, the Group's financial assets at fair value through profit or loss portfolio are managed and evaluated on a total return basis. No other discrete financial information was provided to the CODM. Therefore no separate segment information is prepared by the Group.

The management determines the Group is domiciled in Hong Kong, which is the location of the Group's principal office.

The Group's non-current assets (other than financial instruments) are located in the following geographical area, which is based on the operations of the associates and the physical location of the property, plant and equipment:

	2014 HK\$	2013 HK\$
PRC	72,415,974	71,343,476
Hong Kong	–	5,783
	72,415,974	71,349,259

The Group's revenue was all derived from the Group's operation which is located in Hong Kong.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. INVESTMENT INCOME

	2014 HK\$	2013 HK\$
Dividend income from financial assets held for trading	1,050,489	1,086,956
Interest income from investments designated at fair value through profit or loss	51,677,166	26,589,452
	52,727,655	27,676,408

7. INCOME TAX EXPENSE

	2014 HK\$	2013 HK\$
Current tax		
Withholding tax	–	1,658,103
Deferred taxation on withholding tax on undistributed earnings of associates Current year (note 19)	391,188	616,800
	391,188	2,274,903

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the assessable profit is wholly absorbed by tax losses brought forward.

Under the Enterprise Income Tax Law (the “EIT Law”) of PRC, withholding tax of 10% is imposed on gain in respect of disposal of domestic investments in the PRC.

Under the EIT Law of PRC, withholding tax of 10% is imposed on dividends declared in respect of profits earned by PRC associates from 1 January 2008 onwards.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before taxation as follows:

	2014 HK\$	2013 HK\$
Profit before taxation	48,950,161	20,458,829
Tax at the Hong Kong Profits Tax rate of 16.5%	8,076,777	3,375,707
Tax effect of expenses not deductible for tax purpose	448,766	2,084,806
Tax effect of income not taxable for tax purpose	(4,909,839)	(3,835,333)
Tax effect of share of results of associates	(599,360)	(972,514)
Utilisation of tax losses previously not recognised	(3,016,418)	(655,276)
Tax effect of deductible temporary differences not recognised	74	2,610
Tax effect of undistributed earnings of associates	391,188	616,800
PRC capital gain tax	–	1,658,103
Income tax expense for the year	391,188	2,274,903

8. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2014 HK\$	2013 HK\$
Profit for the year attributable to owners of the Company has been arrived at after charging:		
Auditor's remuneration	1,020,000	900,000
Directors' fee (note 9)	400,000	400,000
Other staff costs (note)		
Basic salaries and other benefits	10,562,382	15,877,981
Retirement benefits contribution	434,385	555,938
Total staff costs	11,396,767	16,833,919
Investment management fees	183,334	400,000
Depreciation of property, plant and equipment	5,783	22,305
Operating lease rentals in respect of rental premises	–	2,876,834
Legal and professional fees	3,429,702	13,283,461

Note:

During the year ended 31 December 2014, the Group paid HK\$1,012,787 (2013: HK\$649,217) services fee to a personnel services company for the provision of human resources to the Group. Such amounts are excluded from the total staff costs as mentioned above.

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company and the chief executive were as follows:

	Directors' fee HK\$	Basic salaries and other benefits HK\$	Retirement benefits contributions HK\$	Total HK\$
For the year ended 31 December 2014				
Mr ZHANG Xuguang (note a)	–	–	–	–
Mr TENG Rongsong (former chief executive officer) (note b)	–	–	–	–
Mr BAI Zhe (note c)	–			
Mr LIU Xiao Guang	100,000	–	–	100,000
Mr YUAN Chun (chief executive officer) (note d)	–			
Mr WANG Xiangfei	100,000		–	100,000
Mr LU Gong (note e)	66,667			66,667
Mr SIN Yui Man (note f)	33,333	–	–	33,333
Mr FAN Ren Da, Anthony	100,000	–	–	100,000
	400,000	–	–	400,000
For the year ended 31 December 2013				
Mr ZHANG Xuguang	–	–	–	–
Mr TENG Rongsong (chief executive officer)	–	–	–	–
Mr MAO Yong	–	–	–	–
Mr LIU Xiao Guang	100,000	–	–	100,000
Mr WANG Xiangfei	100,000	–	–	100,000
Mr LU Gong	100,000	–	–	100,000
Mr FAN Ren Da, Anthony	100,000	–	–	100,000
	400,000	–	–	400,000

Notes:

- (a) Mr ZHANG Xuguang has resigned as a non-executive director of the Company with effect from 4 April 2014.
- (b) Mr TENG Rongsong has resigned as an executive director of the Company with effect from 15 December 2014.
- (c) Mr BAI Zhe has been appointed as an executive director of the Company with effect from 20 January 2014.
- (d) Mr YUAN Chun has been appointed as an executive director of the Company with effect from 13 June 2014.
- (e) Mr LU Gong has resigned as an independent non-executive director of the Company with effect from 1 September 2014.
- (f) Mr SIN Yui Man has been appointed as an independent non-executive director of the Company with effect from 1 September 2014.

None of the directors (2013: nil) waived any emoluments for the year. No incentives were paid by the Group to the directors as inducement to join, or upon joining the Group, or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none of them (2013: nil) were directors of the Company whose emoluments are included in the disclosures in note 9 above. The emoluments of the five (2013: five) individuals were as follows:

	2014 HK\$	2013 HK\$
Basic salaries and other benefits	7,079,062	7,776,116
Retirement benefits contributions	280,953	351,872
	7,360,015	8,127,988

Their emoluments were within the following bands:

	2014 No. of individuals	2013 No. of individuals
HK\$1,000,001 to HK\$1,500,000	3	2
HK\$1,500,001 to HK\$2,000,000	2	3
	5	5

No incentive was paid by the Group to the above individuals as inducements to join, or upon joining the Group.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

12. EARNINGS PER SHARE

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

	2014 HK\$	2013 HK\$
Earnings		
Profit for the year attributable to owners of the Company and earnings for the purpose of basic earnings per share	48,558,973	18,183,926

12. EARNINGS PER SHARE (continued)

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,902,215,360	2,902,215,360

No diluted earnings per share has been presented for both years as there were no potential ordinary share for both years.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Total HK\$
COST			
At 1 January 2013, 31 December 2013 and 2014	401,733	357,522	759,255
DEPRECIATION			
At 1 January 2013	401,733	329,434	731,167
Provided for the year	–	22,305	22,305
At 31 December 2013	401,733	351,739	753,472
Provided for the year	–	5,783	5,783
At 31 December 2014	401,733	357,522	759,255
CARRYING VALUES			
At 31 December 2014	–	–	–
At 31 December 2013	–	5,783	5,783

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual values at the following rates per annum:

Leasehold improvements	33 $\frac{1}{3}$ %
Furniture and fixtures	33 $\frac{1}{3}$ %

As at 31 December 2014, the Group had gross carrying amount of fully depreciated property, plant and equipment of HK\$759,255 (2013: HK\$732,274) that is still in use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

14. INTERESTS IN ASSOCIATES

	2014	2013
	HK\$	HK\$
Cost of investment in associates	125,766,128	125,766,128
Share of post-acquisition results and other comprehensive income, net of dividend received	(53,350,154)	(54,422,652)
	72,415,974	71,343,476

Details of each of the Group's associates as at 31 December 2014 and 2013 are set out as follows:

Name of associate	Form of entity	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held		Principal activities
				31 December 2014	31 December 2013	31 December 2014	31 December 2013	
Beijing Far East Instrument Company Limited	Incorporated	PRC	PRC	25%	25%	25%	25%	Manufacture of electronic and electrical instruments
China Property Development (Holdings) Limited	Incorporated	The Cayman Islands	PRC	33.42%	33.42%	20.49%	20.49%	Investment holding

Summarised financial information of associates

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

14. INTERESTS IN ASSOCIATES (continued)

Beijing Far East Instrument Company Limited (“BJFE”)

	At 31 December 2014 HK\$	At 31 December 2013 HK\$
Non-current assets	97,454,043	112,135,236
Current assets	594,420,300	602,823,923
Current liabilities	(392,241,756)	(432,776,671)
Non-current liabilities	(12,042,543)	–

	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$
Revenue	958,742,732	893,237,501
Profit and total comprehensive income for the year	15,647,505	24,672,016
Dividends received from the associate during the year	2,323,901	1,606,425

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

	At 31 December 2014 HK\$	At 31 December 2013 HK\$
Net assets of BJFE	287,590,044	282,182,488
Proportion of the Group's ownership interest in BJFE	25%	25%
Carrying amount of the Group's interest in BJFE	71,897,511	70,545,622

China Property Development (Holdings) Limited (“CPDH”)

	At 31 December 2014 HK\$	At 31 December 2013 HK\$
Current assets	25,091,563	25,992,564
Current liabilities	(23,540,205)	(23,605,210)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

14. INTERESTS IN ASSOCIATES (continued)

China Property Development (Holdings) Limited (“CPDH”) (continued)

	Year ended 31 December 2014 HK\$	Year ended 31 December 2013 HK\$
Loss and total comprehensive expense for the year	(835,996)	(819,799)

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

	At 31 December 2014 HK\$	At 31 December 2013 HK\$
Net assets of CPDH	1,551,358	2,387,354
Proportion of the Group’s ownership interest in CPDH	33.42%	33.42%
Carrying amount of the Group’s interest in CPDH	518,463	797,854

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK\$	2013 HK\$
Equity securities listed in Hong Kong ¹	–	32,065,404
Unlisted overseas senior secured guaranteed convertible notes ² (i)	182,587,019	179,203,034
Unlisted overseas loan ² and warrant instrument and related put rights ¹ (ii)	49,764,000	129,241,070
Unlisted local convertible bond ² and warrant ¹ (iii)	202,868,576	194,876,357
Unlisted overseas securities ² (iv)	195,253,368	–
	630,472,963	535,385,865
Analysed to reporting purpose as		
Non-current assets	196,342,657	503,320,461
Current assets	434,130,306	32,065,404
	630,472,963	535,385,865

¹ The amounts represent financial assets held for trading

² The amounts represent investments designated at fair value through profit or loss

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

Certain financial assets of the Group are designated at fair value through profit or loss because the relevant financial assets constitute a group that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel.

- (i) On 28 December 2012, the Group subscribed senior, secured and guaranteed convertible notes issued by North Sea Rigs Holdings Limited ("**NSR Holdings**") denominated in US\$. NSR Holdings is a company incorporated in the Cayman Islands, principally engaged in engaging contractors to construct the drilling rig which will then be sold or leased to drilling rig operators located in the North Sea area of Norway. The convertible notes bear interest at 5.0% per annum on the principal amount of the convertible notes from the issue date to the final maturity date, which is the date falling three years after the issue date. The interest is payable semi-annually in arrears on the last day of each interest period.

As at 31 December 2014, the fair value of convertible bond is HK\$182,587,019 (2013: HK\$179,203,034). The carry amount of the convertible bond exceeded 10% of the assets of the Group at 31 December 2014.

- (ii) On 27 June 2013, the Group had entered into a facility agreement and a warrant instrument agreement relating to the warrant instrument with put rights with Jinqiao Investments Limited ("**Jinqiao**"). Jinqiao is a company incorporated in the British Virgin Islands ("**BVI**"), principally engaged in trading meat and food processing, in pork and pork products, and vegetables and fruits in the PRC. Under the aforementioned agreements, the Group has provided a mezzanine facility of US\$20,000,000 to Jinqiao with a 20% interest rate per annum on outstanding balance for 2 years and received the warrant issued by Jinqiao to entitle the Group to subscribe for 740,740 ordinary shares of Jinqiao at the exercise price of US\$13.50 per ordinary share at any time before 27 June 2015 for an aggregate exercise price up to US\$10,000,000.

As at 31 December 2014, the fair values of loan amount and warrant with related put rights amount are HK\$39,390,000 (2013: HK\$103,956,559) and HK\$10,374,000 (2013: HK\$25,284,511) respectively.

- (iii) On 24 November 2014, the Group and Yingde Gases Group Company Limited (盈德氣體集團有限公司) ("**Yingde Gases**") had entered into the investment agreement whereby Yingde Gases issued and the Group subscribed for (i) the principal amount of US\$25,000,000 8% coupon convertible bond due 2015; and (ii) at nil consideration, 18,953,853 warrant exercisable to purchase ordinary shares of US\$0.000001 each in the capital of Yingde Gases. Yingde Gases is a company incorporated in the Cayman Islands, principally engaged in the production and sales of industrial gases.

As at 31 December 2014, the fair values of convertible bond and warrant are HK\$201,779,287 (2013: HK\$193,394,545) and HK\$1,089,289 (2013: HK\$1,481,812) respectively. The carrying amounts of the convertible bond and warrant exceeded 10% of the assets of the Group at 31 December 2014.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

- (iv) On 29 September 2014, the Group has entered into a share subscription agreement (the “**Jade Sino Subscription Agreement**”) with China Development Bank International Holdings Limited (“**CDBIH**”) and Jade Sino Ventures Limited (“**Jade Sino**”), pursuant to which the Group and CDBIH have agreed to subscribe for 11,904 and 13,096 ordinary shares of Jade Sino, representing approximately 23.81% and 26.19% of the enlarged issued share capital of Jade Sino, respectively. After the subscription, each of the Group and CDBIH will hold approximately 23.81% and 76.19% of the enlarged share capital of Jade Sino.

The principal asset of Jade Sino was 13,404 preferred shares of Jinkosolar Power Engineering Group Limited (“**JinkoSolar Power**”) out of the total 26,809 preferred shares subscribed on 11 August 2014 by CDBIH. After completion of the Subscription, Jade Sino will apply the amount of US\$52.5 million (equivalent to approximately HK\$409.5 million) contributed by the Group and CDBIH to complete the subscription of the remaining 13,405 preferred shares of JinkoSolar Power. JinkoSolar Power is a company incorporated in the Cayman Islands, principally engaged in developing, building and operating photovoltaic power stations in the PRC. The subscription of the remaining 13,405 preferred shares of JinkoSolar Power by Jade Sino was completed on 13 November 2014. The preferred shares may, at the option of Jade Sino, be converted into fully paid ordinary shares of JinkoSolar Power. In addition, the preferred shares are redeemable at the option of Jade Sino after 30 months from the subscription date.

As at 31 December 2014, the fair value of the ordinary shares of Jade Sino is HK\$195,253,368. The carrying amount of the ordinary shares exceeded 10% of the assets of the Group at 31 December 2014.

The information of the fair values of financial assets at fair value through profit or loss is disclosed in note 23(c).

16. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2014	2013
	HK\$	HK\$
Account receivable	–	6,288,965
Other receivables	–	505,294
Receivable from disposal of available-for-sale financial assets	–	16,028,325
Prepayments and deposits	206,510	440,320
	206,510	23,262,904

Account receivable was aged within 30 days based on the invoice date. The Group assessed the credit quality of account receivable based on historical default rates and creditworthiness of the counterparty. The directors considered that the credit risk was limited and the Group had not provided for any impairment loss.

17. BANK BALANCES AND CASH

	2014 HK\$	2013 HK\$
Fixed deposits with banks with maturity less than three months	70,875,107	262,650,361
Cash at banks and in hand	344,026,352	180,078,290
	414,901,459	442,728,651

Bank balances and cash comprise short-term bank deposits carrying interest at prevailing deposits rates which range from 0.59% to 1.2% (2013: 0.67% to 1.36%) per annum.

18. ACCRUALS

	2014 HK\$	2013 HK\$
Accrued operating expenses	2,840,963	6,284,812

19. DEFERRED TAXATION LIABILITIES

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Unrealised profits HK\$	Tax losses HK\$	Undistributed profits of an associate HK\$	Total HK\$
At 1 January 2013	1,032,867	(1,032,867)	1,504,495	1,504,495
Recognised in profit or loss (note 7)	578,503	(578,503)	616,800	616,800
At 31 December 2013	1,611,370	(1,611,370)	2,121,295	2,121,295
Recognised in profit or loss (note 7)	(1,611,370)	1,611,370	391,188	391,188
At 31 December 2014	–	–	2,512,483	2,512,483

At the end of the reporting period, the Group had unused tax losses of HK\$66,963,582 (2013: HK\$95,010,784) available for offset against future profits. No deferred tax assets have been recognised in respect of such losses (2013: HK\$85,244,904) due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK\$27,806 (2013: HK\$27,358). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

20. SHARE CAPITAL

	Number of shares	Share capital HK\$
Shares of HK\$0.01 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 2014	12,000,000,000	120,000,000
Issued and fully paid:		
At 1 January 2013, 31 December 2013 and 2014	2,902,215,360	29,022,154

21. RELATED PARTY TRANSACTIONS

- (a) On 20 September 2006, the Group entered into a custodian agreement with Orangefield Management (Hong Kong) Limited (“**Orangefield**”). Orangefield is the custodian of the Group. During the year, the Group has incurred a custodian fee of HK\$60,000 (2013: HK\$60,000) to Orangefield.
- (b) On 9 March 2012, the Group entered into a renewed investment management agreement with KBR Fund Management Limited (formerly known as “KBR Management Limited”) (“**KBR**”). KBR is the investment manager of the Group. The existing Investment Management Agreement expired on 28 February 2014 and KBR has ceased to be the investment manager of the Company with effect from the same date. During the year, the Group incurred a fee of HK\$66,667 (2013: HK\$400,000) to KBR.
- (c) On 29 August 2014, the Group entered into a new investment management agreement with Hua An Asset Management (Hong Kong) Limited (“**Hua An**”). Hua An is the investment manager of the Group with effect from 1 September 2014. During the year, the Group has incurred a fee of HK\$116,667 (2013: nil) to Hua An.
- (d) Compensation of key management personnel

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

	2014 HK\$	2013 HK\$
Short term benefits	7,079,062	8,176,116
Post-employment benefits	280,953	351,872
	7,360,015	8,527,988

22. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure periodically. As a part of this review, the directors consider the cost of capital and the associated risks. Based on the recommendations by the directors, the Group will balance its overall capital structure through the new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 HK\$	2013 HK\$
Financial assets		
<i>Financial assets at fair value through profit or loss</i>		
Financial assets held for trading	11,463,289	58,831,727
Investments designated at fair value through profit or loss	619,009,674	476,554,138
	630,472,963	535,385,865
<i>Loans and receivables</i>		
Other receivables	–	22,822,584
Bank balances and cash	414,901,459	442,728,651
	414,901,459	465,551,235

No financial liability is noted at the respective reporting dates.

23. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through profit or loss and bank balances and cash. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Foreign currency risk refers to the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the operating costs denominated and settled in HK\$. The Group's exposure to foreign currency risk primarily arises from investments denominated in RMB and US\$ against HK\$ as functional currency. During the year, the Group did not have foreign currency hedging policy but management continuously monitors the foreign exchange exposure.

As HK\$ is pegged to US\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. No sensitivity analysis in respect of the Group's financial assets denominated in HK\$ is presented as in the opinion of the directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US\$/HK\$ exchange rates at the reporting dates.

The Group is mainly exposed to fluctuation in the exchange rate of RMB. If the exchange rate of RMB against HK\$ had been increased/decreased by 5%, the Group's profit for the year would increase/decrease by HK\$892 (2013: HK\$669,810).

(ii) Other price risk

The Group is exposed to price risk through its investments in financial assets at fair value through profit or loss. In order to mitigate such risk, the Group would monitor the price risk and will consider hedging the risk exposure should the need arise.

Other price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of listed equity securities had been 20% higher/lower, profit for the year ended 31 December 2013 would increase/decrease by HK\$6,413,081 as a result of the changes in fair value of investments in equity securities held for trading. All the listed equity securities had been disposed during the year ended 31 December 2014.

23. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk on the convertible notes. The Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

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

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

No financial liability in respect of the Group is noted at the respective reporting dates.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

23. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

	Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	
		31 December 2014	31 December 2013				inputs to fair value	Sensitivity
(i)	Listed equity securities classified as financial assets at fair value through profit or loss	Listed equity securities – nil	Listed equity securities – HK\$32,065,404	Level 1	Quoted bid prices in an active market.	N/A	N/A	N/A
(ii)	Unlisted overseas senior secured guaranteed convertible notes classified as financial assets at fair value through profit or loss	5% convertible notes issued by NSR Holdings – HK\$182,587,019	5% convertible notes issued by NSR Holdings – HK\$179,203,034	Level 3	Binomial Option Pricing Model and Discounted Cash Flow Model. The key inputs are interest rate, risk-free rate and volatility.	Interest rate, determined by reference to credit analysis of the Issuer and the market rate with similar credit ratio of 48.48%.	The higher the interest rate, the lower the fair value.	If the interest rate is 3% higher/lower, while all other variables were held constant, the fair value would decrease by HK\$3,536,969 and increase by HK\$3,690,714 respectively.
						Risk-free rate, determined by reference to the yield rate of the US Sovereign Strips Curve, of 0.24%.	The higher the risk-free rate, the higher the fair value.	No indication that a slight increase in the risk-free rate used would result in a significant increase in fair value measurement, and vice versa.
						Volatility, determined by reference to the historical volatility of the share prices of publicly listed entities in similar industries, of 27.27%.	The higher the volatility, the higher the fair value.	No indication that a slight increase in the volatility used would result in a significant increase in fair value measurement, and vice versa.

23. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
	31 December 2014	31 December 2013					
(iii) Unlisted overseas loan classified as financial assets at fair value through profit or loss	Unlisted loan facility of Jinqiao – HK\$39,390,000	Unlisted loan facility of Jinqiao – HK\$103,956,559	Level 3	Discounted Cash Flow Model. The key input is interest rate.	Interest rate, determined by reference to credit analysis of the Issuer and the market rate with similar credit ratio of 28.82%.	The higher the interest rate, the lower the fair value.	No indication that a slight increase in the interest rate used would result in a significant decrease in fair value measurement, and vice versa.
(iv) Unlisted overseas warrant instrument and related put rights classified as financial assets at fair value through profit or loss	Unlisted warrant instrument and related put rights of Jinqiao – HK\$10,374,000	Unlisted warrant instrument and related put rights of Jinqiao – HK\$25,284,511	Level 3	Redemption value of the warrants. The key input is interest rate.	Interest rate, determined by reference to credit analysis of the Issuer and the market rate with similar credit ratio of 28.82%.	The higher the interest rate, the lower the fair value.	No indication that a slight increase in the interest rate used would result in a significant decrease in fair value measurement, and vice versa.
(v) Unlisted local convertible bond classified as financial assets at fair value through profit or loss	Unlisted convertible bond of Yingde Gases – HK\$201,779,287	Unlisted convertible bond of Yingde Gases – HK\$193,394,545	Level 3	Binomial Option Pricing Model and Discounted Cash Flow Model. The key inputs are interest rate, risk-free rate and implied volatility.	Interest rate, determined by reference to the yield rate of a market comparable bond with similar duration, and credit premium, of 17.49%. Risk-free rate, determined by reference to the yield rate of the Hong Kong Exchange Fund Bill with similar duration, of 0.12%. Volatility, determined by reference to volatility of its daily average share price, of 25.91%.	The higher the interest rate, the lower the fair value. The higher the risk-free rate, the higher the fair value. The higher the implied volatility, the higher the fair value.	If the interest rate is 10% higher/lower, while all the other variables were held constant, the fair value would decrease by HK\$7,440,014 and increase by HK\$8,071,626 respectively. No indication that a slight increase in the risk-free rate used would result in a significant increase in fair value measurement, and vice versa. No indication that a slight increase in the implied volatility used would result in a significant increase in fair value measurement, and vice versa.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

23. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
	31 December 2014	31 December 2013					
(v) Unlisted local warrant instrument classified as financial assets at fair value through profit or loss	Unlisted warrant instrument of Yingde Gases – HK\$1,089,289	Unlisted warrant instrument of Yingde Gases – HK\$1,481,812	Level 3	Black-Scholes Pricing Model.	Risk-free rate, determined by reference to the yield rate of the Hong Kong Exchange Fund Note with similar duration, of 0.54%.	The higher the risk-free rate, the higher the fair value.	No indication that a slight increase in the risk-free rate used would result in a significant increase in fair value measurement, and vice versa.
				The key inputs are risk-free rate and volatility.	Volatility, determined by reference to volatility of its share price, of 29.13%.	The higher the implied volatility, the higher the fair value.	No indication that a slight increase in the implied volatility used would result in a significant increase in fair value measurement, and vice versa.
(vi) Unlisted overseas securities	Unlisted ordinary shares of Jade Sino – HK\$195,253,368	Unlisted ordinary shares of Jade Sino – nil	Level 3	Monte Carlo Stimulation and Discounted Cash Flow Model	Interest rate, determined by reference to credit analysis of the issuer and the market rate with similar credit ratio and credit premium, of between 17.33% to 17.45%.	The higher the interest rate, the lower the fair value.	If the interest rate is 3% higher/lower, while all the other variables were held constant, the fair value would decrease by HK\$9,493,169 and increase by HK\$9,838,147 respectively.
				The key inputs are interest rate, risk-free rate and volatility.	Risk-free rate, determined by reference to the yield rate of the US Sovereign Strip, of 0.65%.	The higher the risk-free rate, the higher the fair value.	No indication that a slight increase in the risk-free rate used would result in a significant increase in fair value measurement, and vice versa.
					Volatility, determined by reference to the average annualized standard deviation of the continuously compounded rates of the return on the daily average adjusted share price of the comparable companies, of 64.55%.	The higher the volatility, the higher the fair value.	If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would increase by HK\$ 5,297,147 and decrease by HK\$ 2,979,246 respectively

23. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

There were no transfers between Level 1, 2 and 3 in the current and prior years.

The fair values of the financial assets are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of the financial assets recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value hierarchy

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
2014				
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Financial assets at fair value through profit or loss	–	–	630,472,963	630,472,963
2013				
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Financial assets at fair value through profit or loss	32,065,404	–	503,320,461	535,385,865
	32,065,404	–	503,320,461	535,385,865

The fair values of the financial assets included in the level 3 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

23. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements

	Available- for-sale investment HK\$	Financial assets at FVTPL HK\$	Total HK\$
At 1 January 2013	37,133,167	205,395,356	242,528,523
Total gains recognised in profit or loss			
– change in fair value of financial assets held for trading	–	23,938,331	23,938,331
– change in fair value of investments designated at fair value through profit or loss	–	(8,336,063)	(8,336,063)
	37,133,167	220,997,624	258,130,791
Total losses recognised in other comprehensive income			
– change in fair value of available-for-sale financial assets	(4,395,080)	–	(4,395,080)
Purchases	–	349,812,500	349,812,500
Repayment of principal	–	(39,000,000)	(39,000,000)
Disposals	(32,738,087)	(28,489,663)	(61,227,750)
At 31 December 2013	–	503,320,461	503,320,461
Total gains recognised in profit or loss			
– change in fair value of financial assets held for trading	–	(15,303,034)	(15,303,034)
– change in fair value of investments designated at fair value through profit or loss	–	25,468,016	25,468,016
	–	513,485,443	513,485,443
Total losses recognised in other comprehensive income			
Purchases	–	194,987,520	194,987,520
Repayment of principal	–	(78,000,000)	(78,000,000)
At 31 December 2014	–	630,472,963	630,472,963

23. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements (continued)

Of the total gains for the year included in profit or loss, HK\$10,164,982 (2013: HK\$15,602,268) relates to financial assets at fair value through profit or loss held at the end of the reporting period. Fair value gains on financial assets at fair value through profit or loss are included in 'change in fair value of financial assets held for trading' and 'change in fair value of investments designated at fair value through profit or loss'.

Included in other comprehensive income was an amount of HK\$4,395,080 loss relate to available-for-sale investment held in 2013 and was reported as changes of 'investment revaluation reserve'. Upon disposal of available-for-sale financial assets in 2013, the cumulative gain of HK\$929,464 that had been recognised in other comprehensive income and accumulated in 'investment revaluation reserve' was recognised in profit or loss.

24. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme (the "**Scheme**") under which the board of directors of the Company may grant options to the Group's employees, including directors, to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one share. Maximum number of shares in respect of which options may be granted under the Scheme may not exceed 64,711,400 ordinary shares. Maximum entitlement for each participant under the Scheme is not permitted to exceed 1% of the issued share capital in any twelve month period. An amount of HK\$10 is payable upon acceptance of an option as consideration and minimum period of six calendar months after the offer date of the relevant option must be held before it can be exercised.

The subscription price will be the highest of:

- (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant (being a business day);
- (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the shares of the Company.

There were no options granted under the Scheme during the years ended 31 December 2014 and 2013. There are no outstanding options as at the end of the respective reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

25. COMPANY INFORMATION OF FINANCIAL POSITION

(a) Financial information of the financial position of the Company

	2014 HK\$	2013 HK\$
Non-current assets		
Property, plant and equipment	–	5,783
Investments in subsidiaries	18	18
Financial assets at fair value through profit or loss	196,342,657	503,320,461
Amounts due from subsidiaries	53,752,444	53,741,048
	250,095,119	557,067,310
Current assets		
Financial assets at fair value through profit or loss	434,130,306	32,065,404
Other receivables, prepayments and deposits	88,131	7,234,579
Bank balances and cash	363,509,916	407,240,704
	797,728,353	446,540,687
Current liabilities		
Accruals	2,840,963	6,161,812
Amounts due to subsidiaries	106,358,626	106,352,172
	109,199,589	112,513,984
Net current assets	688,528,764	334,026,703
Net assets	938,623,883	891,094,013
Capital and reserves		
Share capital	29,022,154	29,022,154
Reserves	909,601,729	862,071,859
	938,623,883	891,094,013

(b) Movement of capital and reserves of the Company

	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2013	29,022,154	1,043,800,995	270,200	(190,135,881)	882,957,468
Profit for the year	–	–	–	8,136,545	8,136,545
At 31 December 2013	29,022,154	1,043,800,995	270,200	(181,999,336)	891,094,013
Profit for the year	–	–	–	47,529,870	47,529,870
At 31 December 2014	29,022,154	1,043,800,995	270,200	(134,469,466)	938,623,883

26. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2014 and 2013 are as follows:

Name of subsidiaries	Place of incorporation and operation	Paid up issued ordinary share capital	Proportion of nominal value of issued ordinary share capital directly held by the Company		Principal activities
			2014	2013	
Pacific Equity Venture Inc.	BVI	1 share of HK\$1	100%	100%	Investment holding
Kencheers Investments Limited	BVI	1 share of HK\$1	100%	100%	Investment holding
Legend Ocean Limited	BVI	1 share of US\$1	100%	100%	Investment holding

None of the subsidiaries had issued any debt securities at the end of the year.

27. NET ASSET VALUE PER SHARE

Net asset value per share is computed based on the consolidated net assets of HK\$1,112,643,460 (2013: HK\$1,064,320,572) and 2,902,215,360 ordinary shares in issue as at 31 December 2014 (2013: 2,902,215,360 ordinary shares).

FIVE YEAR FINANCIAL SUMMARY

For the five year ended 31 December 2014

The consolidated results and assets and liabilities of the Group for the past five years:-

Results

	2014 HK\$	2013 HK\$	2012 HK\$	2011 HK\$	2010 HK\$
Investment income	52,727,655	27,676,408	1,018,899	623,390	479,060
Profit/(Loss) before taxation	48,950,161	20,458,829	(8,264,546)	(16,257,587)	(7,426,497)
Assets and liabilities					
Non-current assets					
Property, plant and equipment	-	5,783	28,088	65,862	85,366
Interests in associates	72,415,974	71,343,476	65,052,387	64,108,384	59,195,669
Interests in jointly controlled entities	-	-	-	-	-
Loans to a jointly controlled entity	-	-	-	-	-
Available-for-sale financial assets	-	-	37,133,167	31,808,623	31,808,623
Financial assets at fair value through profit or loss	196,342,657	503,302,461	205,395,356	13,043,394	2,185,745
	268,758,631	574,669,720	307,608,998	109,026,263	93,275,403
Current assets					
Financial assets at fair value through profit or loss	434,130,306	32,065,404	36,970,473	30,710,674	17,030,506
Other receivables, prepayments and deposits	206,510	23,262,904	634,874	1,845,618	3,347,904
Cash and cash equivalents	414,901,459	442,728,651	716,941,605	153,102,049	200,621,488
	849,238,275	498,056,959	754,546,952	185,658,341	220,999,898
Current liability					
Other payables and accruals	(2,840,963)	(6,284,812)	(11,193,752)	(9,406,991)	(15,827,648)
Net current assets	846,397,312	491,772,147	743,353,200	176,251,350	205,172,250
Total assets less current liability	1,115,155,943	1,066,441,867	1,050,962,198	285,277,613	298,447,653
Non-current liability					
Deferred taxation	(2,512,483)	(2,121,295)	(1,504,495)	(1,100,000)	(837,000)
Net assets	1,112,643,460	1,064,320,572	1,049,457,703	284,177,613	297,610,653
Capital and reserves					
Share capital	29,022,154	29,022,154	29,022,154	9,822,154	9,822,154
Reserves	1,083,621,306	1,035,298,418	1,020,435,549	274,355,459	287,788,499
Total equity	1,112,643,460	1,064,320,572	1,049,457,703	284,177,613	297,610,653