CHINA ASSETS (HOLDINGS) LIMITED

(Stock Code: 170)

ANNUAL REPORT

2014

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Corporate Information

Board of Directors

Executive Directors

Mr. Lo Yuen Yat *(Chairman)*
Ms. Lao Yuan Yuan

Non-executive Directors

Mr. Jiang Wei#
Mr. Yeung Wai Kin
Mr. Zhao Yu Qiao

Independent Non-executive Directors

Mr. Fan Jia Yan
Mr. Wu Ming Yu
Dr. David William Maguire

The office of Mr. Jiang Wei as a Director was vacated on 30 January 2015, by resolution of the Board.

Company Secretary

Mr. Cheng Sai Wai

Audit Committee

Mr. Fan Jia Yan
Mr. Wu Ming Yu
Mr. Yeung Wai Kin

Remuneration Committee

Mr. Fan Jia Yan
Mr. Lo Yuen Yat
Dr. David William Maguire

Nomination Committee

Mr. Lo Yuen Yat
Mr. Fan Jia Yan
Mr. Wu Ming Yu

Solicitor

David Norman & Co.
Jennifer Cheung & Co.
ReedSmith Richards Butler

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

Bankers

China CITIC Bank International Limited
Shanghai Pudong Development Bank Co. Ltd.
Agricultural Bank of China

Custodian

Citibank, N.A., Hong Kong Branch

Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong
Telephone: (852) 2521 9888
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Website: www.chinaassets.com

Stock Code

170

Chairman's Statement

I am pleased to present the annual report of China Assets (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2014. The Group's consolidated net profit for the year was US$9.73 million and consolidated net asset value as at 31 December 2014 was US$196.63 million, representing US$2.56 per share.

Business Review

The rise in geopolitical risk has overshadowed the performance of markets in 2014. In Ukraine, unrest developed into a civil war, Russia annexed Crimea, ISIS emerged as a brutal and destabilizing force in the Middle East, and the frightening disease Ebola spread throughout much of West Africa. The oil market dominated 2014 as the global market's single most important development. Unlike 2008 when the fall in oil prices was caused by fears of a global recession, the 2014 falls reflected a relatively small drop in demand and increases in supply. The outcome was a dramatic drop in oil prices of more than 40% over the year. In the currency market, central bank actions were very mixed. The Federal Reserve in the U.S. brought an end to quantitative easing (QE) and signaled monetary tightening in 2015, all without significant market volatility. The European Central Bank loosened monetary policy and decided to aggressively buy sovereign debt starting in early 2015. The People's Bank of China cut interest rates in November for the first time in more than two years. Currency divergence was a natural outcome in response to these relative monetary policy stances. Sharp sudden falls in emerging market currencies were also a theme of the year.

For the U.S. economy, 2014 was a very good year, one that defied the skeptics. After a cold, ugly, wintery start, U.S. output expanded robustly throughout the year, driving real GDP growth at a 2.4% pace. Coupled with this impressive performance, nonetheless, the Fed, noting the potential for new financial stress as oil prices plunged, the dollar soared, rates hit historic lows in Europe and Japan, and Europe teetered on the brink of recession and deflation, articulated in its minutes that it would be "patient" before raising rates which would stay low for a "considerable time". Investors reacted with approval and drove the Dow Jones Industrial Index to 17,823 points, a 7.5% gain for the year.

It was a bad year for the Eurozone. Despite the economy emerging from its double-dip recession, growth was just 0.8% for the year while inflation of alarmingly close to 0% raised fresh questions about debt sustainability. The poor performance could be attributed to tighter global liquidity in response to the Fed's closure of QE, the slowdown in growth in China and other emerging markets, sanctions imposed on Russia resulting from the Ukraine crisis, and the consequent impact on the German economy. Structural obstacles continued to impede the rebalancing of many economies, particularly in Southern Europe, preventing capital and labor from being reallocated to where they could be more productively employed. Rigid labor and product markets made it hard for firms to adapt to the new economic environment and deterred new investment. With a growing anti-reform electoral tide, governments committed to reforms and fiscal discipline hemorrhaged support to populist fringe parties, posing a direct risk to the long-term viability of the single currency. Against this backdrop, the MSCI Europe index collapsed 9.6%, with disastrous plunges in Greece and Portugal where key indices plummeted 28.9% and 21.1%, respectively.

Chairman's Statement

China's economic growth slowed to 7.4% in 2014, downshifting to a level not seen in a quarter century and firmly marking the end of a high-growth period that buoyed the global economy. The slipping momentum in China reverberated around the world, sending prices for commodities tumbling and weakening an already soft global economy. China's economy continued to face a housing glut, soaring debt, overcapacity in many industries and an aggressive anti-corruption campaign which also dragged down spending. China's leaders since mid-2014 have emphasised a "new normal" of slower growth, signaling the economy would continue to face downward pressure in 2015. The leadership has emphasised that restructuring of the economy will be powered by domestic consumption and service industries while reliance on real estate, construction and smokestack industries will be reduced. In contrast to the real economy, the China stock market, one of the world's worst performers in recent years and languishing at a multi-year low, had a wonderful year. Anticipation of more economic stimulus gave China's equity market a second half surge in 2014. The Shanghai Composite soared 52.9% for the year with all of the gain after June. It was fueled by retail investors diving back into stocks after other popular investments, including gold and wealth-management products in China, performed poorly, especially with real estate prices falling. The surge of the China market boosted the performance of the Group's portfolio of listed securities.

The Group reported a profit of approximately US$9.73 million for the year ended 31 December 2014, compared with a profit of US$3.27 million in 2013. The increase in profit was mainly due to: (1) a profit (net of taxation) of approximately US$3.68 million from disposal of portion of its indirect equity in and related loan to Shanghai International Medical Centre Co Ltd ("SIMC"); (2) approximately US$5.88 million from disposal of portion of its equity investment in Shangdong Lukang Pharmaceutical Co. Ltd ("Lukang") and; (3) a share of net profit from its associated companies.

The consolidated net asset value increased by US$38.32 million for the year to US$196.63 million as at 31 December 2014. Apart from the net profit for the year, the major increase in net asset value was mainly attributable to the unrealised increase of US$26.54 million in fair value of Lukang whose share price increased from RMB4.89 to RMB7.92 over the year. During the year, the Company disposed of approximately 5.63 million shares in Lukang, realising a profit of approximately US$5.88 million.

In February, the Group disposed of 5% of its then 25% aggregate indirect equity in SIMC and a shareholder loan of RMB5 million for a sum of RMB42.5 million. The Group still has 20% indirect equity in SIMC. In August, the Group advanced RMB30 million to SIMC in proportion to its equity holding in the company.

In December, the Company invested approximately US$2.58 million in China Alpha II Fund.

Corporate Governance

The Company announced on 30 January 2015 that the office of Mr. Jiang Wei ("Mr. Jiang"), a former non-executive director, was vacated on 30 January 2015, by resolution of the Board. The decision was a result of Mr. Jiang absenting himself from meetings of the Directors over a continuous period of six months without special leave of absence from the Directors.

Despite efforts by the Company to contact Mr. Jiang, it has been unable to do so. Mr. Jiang has not executed and returned to the Company the following:

The record required by the Note to Paragraph A.6.5 of the Corporate Governance Code in Appendix 14 of the Listing Rules ("Corporate Governance Code and Corporate Governance Report") of training received by Mr. Jiang;

A confirmation of personal information, making the Company unable to confirm the "Biographical Details of Directors" information about Mr. Jiang required by para 12 of Appendix 16 of the Listing Rules ("Disclosure Of Financial Information") and whether information provided in the past by Mr. Jiang remains accurate and complete;

A confirmation that he has complied with, or whether there has been any non-compliance by him with, the required standard set out in the Model Code for Securities Transactions by Directors in Appendix 10 of the Listing Rules and the Company's code of conduct regarding securities transactions by directors.

Accordingly, the Company is unable to comply fully with its obligation to state in the Corporate Governance Report, having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard. In the event of any non-compliance with the required standard set out in the Model Code for Securities Transactions by Directors, the Company cannot provide details of such non-compliance or an explanation of the remedial steps taken by it to address such non-compliance.

Economic Outlook

Most economists forecast that the main source of global economy strength in 2015 will come from the U.S. Although capital spending in the U.S. may grow modestly slower in 2015 as a result of being weighed down by the impact of the collapse in oil prices on the energy sector, the related plunge in gasoline prices implies another boost to the economy. The dive in gas prices could supercharge consumer spending and provide an offset to weaker investment. With low jobless rates, gas prices remaining low and wage growth picking up modestly, consumer spending should stay robust through much of 2015. However by the third quarter, overall economic growth may slow mildly as the Fed tightens monetary policy and interest rates rise. For 2015 as a whole, therefore, the U.S. economy will continue to benefit from moderate but sustainable expansion, with GDP growth projected at a rate of in excess of 2.5% driven by the momentum of these fundamental drivers.

In China, the mainland missed its growth target of 7.5% for the first time since 1998. Much of the supercharged growth of the 2000s and after the financial crisis was based on a vast rise in debt owed by local governments and state-owned enterprises. With the labor force shrinking, productivity growth already slowing, considerable excess industrial capacity, the property market on the ropes, and debt-financed expansion near its limit, it is anticipated that growth will be slowed down further. Nevertheless, as a major oil importer, China will be a big beneficiary of the collapse in oil prices. Lower oil costs plus mild stimulus may cushion the deceleration of growth. Should growth decline precipitously further, China has a number of options, including deeper interest rate cuts, faster spending on infrastructure projects and sequential reductions in reserve requirements for the banks. A soft landing still looks the most likely outcome.

Liquidity and Financial Resources

The financial position of the Group was healthy throughout the year. As at 31 December 2014, the Group had cash and cash equivalents of US$26.23 million (2013: US$25.18 million), of which US$22.76 million (2013: US$17.64 million) was held in RMB equivalents in PRC bank deposits in Mainland China. Most of the Group's investments are located in Mainland China. RMB is not a freely convertible currency and the RMB exchange rate against the U.S. dollar remained stable during the year.

Chairman's Statement

Employees

The Group is managed by China Assets Investment Management Limited. A company secretary is employed by the Company. In addition to basic salary, other benefits include a mandatory provident funds scheme and a discretionary employee share option scheme.

Prospects

The Group has been reviewing and investigating various investment opportunities linked to the IT sector and the health and pharmaceutical industry. It is hopeful that certain investments can be concluded within a reasonably short period so as to strengthen the portfolio of the Group. As has been reiterated, investment will be proceeded with on a very cautious basis, bearing in mind the evolving economic situations in mainland China and other major economies which could have reverberating effects on existing and potential investments.

Last but not least, I would like to thank our fellow directors, shareholders and the investment manager for their valuable contributions and support during the year.

By Order of the Board
Lo Yuen Yat
Chairman
Hong Kong, 27 March 2015

Discussion and Analysis of Performance

The principal investment objective of the Group is to strive to achieve long-term capital appreciation, primarily through equity and equity-related investments in small- to medium-sized companies operating in China.

The Group's performance for 2014 improved substantially. Despite its unlisted investments being inevitably affected by the lackluster economy in China, its listed investment portfolio was boosted by the exceptional performance of the financial market in China where the benchmark Shanghai Composite Index gained nearly 53% for the year.

The Group's major listed investment in China, Shandong Lukang Pharmaceutical Co Ltd ("Lukang"), still incurred substantial loss for the year. In its profit warning announcement made in early January 2015, Lukang expected there would be a net loss of RMB 120 million for the year 2014. It attributed the expected loss to the continuing low prices of antibiotic products, the shrinking market demand in veterinary antibiotics, its slow adjustments to the product mix, and the substantial decrease in non-operating income compared with 2013. Despite the poor operating result, its share price increased from RMB4.89 to RMB7.92 for the year, a 62% gain. The Company believes the surging stock market in China was fueled by retail investors diving back into stocks after other popular investments like property, gold and wealth-management products in China performed poorly. The Company considers the jump in Lukang's price as being driven more by momentum rather than by the fundamentals. In these circumstances, it was considered appropriate to take advantage of the surge in price and to unload a portion of its holding in Lukang. It disposed of approximately 5.63 million shares and realised a net profit of approximately US$5.88 million. Looking ahead, the Company is still concerned about the ability of Lukang's management to overcome a continuing weak operating situation which already has spanned several years without sign of improvement. The Company has been considering various alternative development strategies, including disposal, in response to the changing overall situation.

First Shanghai Investments Limited ("FSIL"), an associated company listed in Hong Kong, reported a profit of approx. US$26.48 million for the year, of which the Group shared US$4.35 million. FSIL is one of the core assets of the investment portfolio. Its improvement of performance in 2014 was due to a material gain of approximately HK$211 million on disposal of its entire equity in a pharmaceutical subsidiary and an increased contribution from its core brokerage operation. The Company believes its brokerage operation could improve further by benefitting from the Shanghai-Hong Kong Stock Connect, a mutual market access program that allows investment in eligible Shanghai-listed shares through the Stock Exchange of Hong Kong and eligible Hong Kong-listed shares through the Shanghai Stock Exchange.

The Group has a 20% indirect holding in Shanghai International Medical Centre Co Ltd ("SIMC," previously known as Shanghai International Medical Centre Investment Management Company Limited) which owns a 500-bed, class-A hospital in Pudong New Area ("the Hospital"). The Hospital provides high-end medical services to foreign expatriates and local high-income residents in Shanghai and adjacent regions. The Hospital was officially opened in May, 2014. It is projected that operating losses and financing costs will drag down the Hospital's performance in the initial years and further funding requirements from shareholders are envisaged from time to time. In consideration of, and to mitigate the possible cash flow and profitability effects on the Group, the Group disposed of 5% indirect equity and the related shareholder loan for RMB42.5 million, realising a profit of US$3.68 million (net of taxation) in February 2014. In August, the Group advanced a loan of RMB 30 million to SIMC in proportion to its shareholding in SIMC. The Group shared a loss of RMB14.29 million (approx. US$2.32 million) for 2014 in accordance with Hong Kong Financial Reporting Standards. The Group considers SIMC's prospects to be excellent despite the projected losses in the initial years. It intends to hold the investment for the long term and is prepared to provide further funding in proportion to its equity as and when calls are made by SIMC.

Red Stone Fund ("RS Fund") is a limited partnership investing in minerals, energy or related industries in the PRC. The Group has paid RMB24.3 million for a 6% indirect interest. RS Fund has two investments, respectively, of 14.4% in equity in Ganxian Shirui New Materials Company Limited, and 12.5% in equity in Ganzhou Chenguang Rare Earths New Materials Company Limited. It also has an entrusted loan of RMB180 million to 太重煤機有限公司 (Tai Chong Coal Machinery Limited Company, "TCC") with an option to convert to equity in TCC. As a consequence of the substantial drop in the global price of minerals in recent years, both investments have performed unsatisfactorily. Due to significant delays in the reorganization of TCC, RS Fund has called for repayment of the entrusted loan but recovery has been difficult. The existing situation of these investments has made an exit at a fair price questionable, especially as the partnership was contracted to be dissolved and liquidated in February 2015. In view of the difficulties of disposing of the assets, all partners of RS Fund have agreed to extend its dissolution for one more year to February 2016, thus providing extra time for the general partner to dispose of the assets in an orderly manner. The Company has marked down the investment in RS Fund to US$3.14 million, realising an impairment loss of US$0.49 million.

Details of other investments are outlined in the Investments Section on page 9 to page 14.

The Group continued to adopt a conservative approach through 2014. There was no significant investment made apart from a HK$20 million investment in China Alpha II Fund in the last month of the year. This approach reflects the concern of management that China's economy is still facing a set of considerable challenges, including a slumping real-estate market, flagging domestic demand and a still-recovering global economy. To overcome the slowdown, China has rolled out a host of focused fiscal, monetary and administrative stimulus measures. These include stepped-up spending in rail, social housing and alternative-energy projects, more credit for farmers and first-time homeowners, and regulatory changes aimed at improving the business climate. It is also envisaged that further interest rate cuts or reduction in reserve requirements for commercial banks will be rolled out if and when the economy's momentum starts fading. Despite its reservations about the growth of China's economy, the management strongly believes that certain industries will outpace the overall economy. In particular, the Company has placed high priority on the medical service and health care industry which is likely to continue growing explosively in future years as a result of demographic change of China. As a focus, the Company has undertaken in-depth investigation of several investment opportunities related to the medical, pharmaceutical and health care sectors. To cope with these possible investments, the Company is constantly reviewing its funding situation so that sources of funds, either existing or from disposal of existing assets, or new funds from the capital market, can be appropriately matched to the funding demand should the investment opportunities be deemed worthy of action. The Group believes there are still vast investment opportunities in China, and will stick to its strategies of investing in high quality unlisted enterprises with levels of risk acceptable to the Group. This approach is deemed to be prudent to fulfill our goal of long-term appreciation and preservation of capital value.

Major Long-term Investments as at 31 December 2014

Name	Nature of business	% of total issued capital	Invested amount	Impairment loss	Carrying value	% of total asset value	Investee's underlying earnings/ (losses)	Attributable net assets to the Group *(Note)*	Dividend received
		%	*US$*	*US$*	*US$*	%	*US$*	*US$*	*US$*
Investments in associates									
First Shanghai Investments Limited	Investment holding	17.68	13,770,330	0	66,927,209	33.68	26,475,605	74,886,287	0
Shanghai International Medical Centre Co. Ltd.	Provision of medical services	*20.00	7,812,821	0	4,699,303	2.36	(11,096,823)	4,664,951	0
Goldeneye Interactive Limited	Provision of web portal for online real estate information	22.37	3,850,000	(2,900,776)	86,696	0.04	(381,692)	191,587	0
Shanghai Moxing Environmental Science and Technology Co Ltd	Provision of waste oil recycling service	*29.86	745,912	0	628,595	0.32	(154,641)	93,365	0
Available-for-sale financial assets									
Shandong Lukang Pharmaceutical Co Ltd	Manufacture and sale of pharmaceutical products	9.01	7,899,633	0	66,763,395#	33.59	(13,658,579)**	22,480,556##	0
China Pacific Insurance (Group) Co Ltd.	Provision of insurance services and management of insurance funds	0.02	5,427,472	0	7,559,183#	3.80	1,822,233,025	3,148,122	86,875
Red Stone Fund	Investment holding	*6.00	3,624,469	(491,425)	3,136,045#	1.58	(371,717)	3,435,597	0
China Alpha II Fund	Investment fund	N/A	2,770,449	0	3,248,834#	1.63	13,931,448***	3,248,834	0
Total			**45,901,086**	**(3,392,201)**	**153,049,260**	**77.00**			**86,875**

*	*indirect interest*
#	*also represents their fair value*
**	*unaudited figure for the nine months ended 30 September 2014*
##	*unaudited figure as at 30 September 2014*
***	*based on annual financial statements ended other than 31 December 2014*

Note:
The amount is calculated based on the Group's effective shareholding in the investee company with reference to the net asset as shown in the investee company's financial statements.

Investments

Major Long-term Investments as at 31 December 2013

Name	Nature of business	% of total issued capital	Invested amount	Impairment loss	Carrying value	% of total asset value	Investee's underlying earnings/ (losses)	Attributable net assets to the Group *(Note)*	Dividend received
		%	*US$*	*US$*	*US$*	*%*	*US$*	*US$*	*US$*
Investments in associates									
First Shanghai Investments Limited	Investment holding	17.71	13,770,330	0	56,215,602	35.35	5,397,759	62,729,852	0
Shanghai International Medical Centre Co. Ltd.	Provision of medical services	*25.00	9,869,982	0	8,842,938	5.56	(5,304,336)	8,798,774	0
Goldeneye Interactive Limited	Provision of web portal for online real estate information	22.37	3,850,000	(2,900,776)	172,081	0.11	(766,000)	279,235	0
Shanghai Moxing Environmental Science and Technology Co Ltd	Provision of waste oil recycling service	*29.86	745,912	0	691,585	0.43	(219,993)	142,734	0
Available-for-sale financial assets									
Shandong Lukang Pharmaceutical Co Ltd	Manufacture and sale of pharmaceutical products	9.98	8,748,854	0	46,814,408#	29.44	(14,365,162)**	25,924,234##	0
China Pacific Insurance (Group) Co Ltd.	Provision of insurance services and management of insurance funds	0.02	5,427,472	0	5,834,046#	3.67	1,549,409,592	2,718,816	75,894
Red Stone Fund	Investment holding	*6.00	3,627,469	0	4,521,476#	2.84	(2,010,034)	3,558,740	0
China Alpha II Fund	Investment fund	N/A	192,066	0	458,304#	0.29	18,669,322***	458,304	0
Total			**46,232,085**	**(2,900,776)**	**123,550,440**	**77.69**			**75,894**

* *indirect interest*
\# *also represents their fair value*
** *unaudited figure for the nine months ended 30 September 2013*
\## *unaudited figure as at 30 September 2013*
*** *based on annual financial statements ended other than 31 December 2013*

Note:
The amount is calculated based on the Group's effective shareholding in the investee company with reference to the net asset as shown in the investee company's financial statements.

Investments

Other Major Investments as at 31 December 2014

Name	Nature of business	Number of shares held	% of total issued capital	Cost	Impairment loss	Carrying value	% of total asset value	Investee's underlying earnings/ (losses)	Attributable net assets to the Group (Note)	Dividend received
			%	US$	US$	US$	%	US$	US$	US$
Financial assets at fair value through profit and loss										
Ragentek Technology Group Limited	Manufacturer of original design mobile phones	648,726	3.37	3,717,542	0	1,749,762	0.88	11,571,473	2,481,464	0
Industrial and Commercial Bank of China Ltd	Provision of personal and corporate commercial banking services in China	1,709,650	0.00	725,421	0	1,247,501	0.63	44,771,673,959	1,190,560	65,355
HSBC Holdings PLC	Provision of international banking and financial services	114,833	0.00	1,188,553	0	1,095,509	0.55	14,705,000,000	1,194,933	56,256
China Telecom Corporation Ltd	Provision of fixed line and mobile communications services	1,800,000	0.00	1,285,825	0	1,053,527	0.53	2,877,815,589	1,037,691	19,854
Total				**6,917,341**	**0**	**5,146,299**	**2.59**			**141,465**

Other Major Investments as at 31 December 2013

Name	Nature of business	Number of shares held	% of total issued capital	Cost	Impairment loss	Carrying value	% of total asset value	Investee's underlying earnings/ (losses)	Attributable net assets to the Group (Note)	Dividend received
			%	US$	US$	US$	%	US$	US$	US$
Financial assets at fair value through profit and loss										
Ragentek Technology Group Limited	Manufacturer of original design mobile phones	648,726	3.37	3,717,542	0	1,749,762	1.10	10,390,332	1,749,762	0
Industrial and Commercial Bank of China Ltd	Provision of personal and corporate commercial banking services in China	1,709,650	0.00	725,421	0	1,155,243	0.73	43,367,801,306	1,029,704	59,736
HSBC Holdings PLC	Provision of international banking and financial services	114,833	0.00	1,188,553	0	1,246,108	0.78	17,800,000,000	1,161,496	55,127
China Telecom Corporation Ltd	Provision of fixed line and mobile communications services	1,800,000	0.00	1,285,825	0	909,900	0.57	2,913,450,755	1,022,117	17,756
Total				**6,917,341**	**0**	**5,061,013**	**3.18**			**132,619**

Note:
The amount is calculated based on the Group's effective shareholding in the investee company with reference to the net asset as shown in the investee company's financial statements.

Investments

Major Long-Term Investments

Investments in associates

First Shanghai Investments Limited ("FSIL")

FSIL reported a net profit of HK$205.36 million (approx. US$26.48 million) for the year ended 31 December 2014 compared to a net profit of HK$41.86 million (approx. US$5.40 million) for the year ended 31 December 2013. FSIL has business interests that extend from its core brokerage operation, including property development and investment, hotels and manufacturing. This year's improvement was mainly derived from disposal of a wholly-owned pharmaceutical subsidiary, realising a gain of approximately HK$211 million (US$27.19 million), and increased contribution from its brokerage operation.

Shanghai International Medical Centre Co. Ltd ("SIMC," previously known as Shanghai International Medical Centre Investment Management Company Limited)

SIMC is the owner of Shanghai International Medical Centre (the "Hospital"), a 500-bed, class-A hospital in Shanghai International Medical Zone, Pudong New Area. It provides high-end medical services to foreign expatriates in Shanghai and adjacent regions as well as local high-income residents. The Hospital was opened in May, 2014 and is managed by Parkway (Shanghai) Hospital Management Ltd, a member of Parkway Group Healthcare, the largest private healthcare group in Asia.

As at 31 December 2014, the Group owned a 20% indirect interest in SIMC for an investment cost of RMB50.20 million (approx. US$7.81 million). In addition to an advance of RMB20 million made in the prior year, the Group advanced a shareholder loan of RMB30 million to SIMC in August in proportion to its shareholding in SIMC, making its advances a total of RMB50 million (approx. US$8.04 million) at the end of the year. The audited loss of SIMC, adjusted under Hong Kong Financial Reporting Standards, was RMB68.48 million of which the Group shared a loss of RMB14.29 million (approx. US$2.32 million) for the year.

Goldeneye Interactive Limited ("Goldeneye")

The Group invested US$3.85 million for a 22.37% Preferred B shareholding in Goldeneye in April 2011. Goldeneye and its affiliated companies operate the portal www.fangjia.com, a vertical search-engine specializing in online real estate information in the secondary market. It undertakes data mining and sophisticated analysis through its self-developed and patented technology. In 2012, in view of the portal's extremely weak viewer traffic and poor operating result, the Group made a provision of US$2.90 million for impairment loss. In recent years, Goldeneye has significantly reduced staffing and overhead expenses in order to cope with the difficult situation and has explored new sources of revenue through, for example, provision of tailored data mining services for interested parties. Goldeneye recently signed with several financial institutions to provide in-depth analysis of the property market using its data mining technology and, to achieve that end, lined up over 100 appraisal companies nationwide for cooperation. In the year, although Goldeneye incurred a loss of US$0.38 million, of which the Company shared US$0.09 million, it is believed that its worst time should be over.

Shanghai Moxing Environmental Science and Technology Co., Ltd ("SMECT")

SMECT, a PRC-incorporated company, is an early-stage technology and services company that provides waste oil recycling for transportation and industrial customers. It has developed a proprietary, patented oil-filtration technology that recycles waste oil without any degradation in quality. The Group has invested a total of RMB4.65 million in two tranches for a total equity interest of 29.86%. During the year, SMECT completed a satisfactory installation of a waste oil recycling system and also provided oil filtering services for income. The result for the year was a loss of RMB0.95 million of which the Group shared RMB0.28 million.

Available-for-sale financial assets

Shandong Lukang Pharmaceutical Co Ltd ("Lukang")

Since 2011, Lukang has been adversely affected by the operating environment caused by various government policies, including mandated drug price reduction measures, the start of provincial drug tendering, restrictions on the use of antibiotics, and the implementation of new Good Manufacturing Practice ("GMP") standards. These factors have either driven down the selling prices of Lukang's products or increased the overall costs of its operation. To exacerbate the situation, the new facility set up in Zoucheng to provide for expansion was substantially under-utilised, resulting in significant idle wastage and disrupting financial recovery. Compounding the bad operating environment, Lukang has been the subject of bad publicity from a China Central Television report. The media reported Lukang had illegally discharged residue that caused a high concentration of antibiotics in water tested from the Yangtze, Huangpu and Pearl rivers, as well as in tap water in Jining where it was located. It was subsequently fined RMB50,000 and relevant responsible personnel were disciplined. Lukang also agreed to take immediate measures to reduce emission of antibiotics during production and reduce antibiotic residues to a level that meets leading industry standards. Nonetheless, in line with the exceptional performance of the China stock market, Lukang's share price rose from RMB4.89 to RMB7.92 for the year, marking the fair value of the investment at US$66.76 million at end of year and resulting in an unrealised fair value gain of US$26.54 million being transferred to the investment revaluation reserve. During the year, the Company disposed of approx. 5.63 million shares of Lukang, realising a net profit of approx. US$5.88 million.

China Pacific Insurance (Group) Co Ltd ("China Pacific")

The Group had 1,488,200 shares in China Pacific, a PRC general insurer, at end of year. As at 31 December 2014, the fair value of China Pacific was stated as US$7.56 million and an unrealised fair value gain of US$1.73 million was transferred to the investment revaluation reserve.

Red Stone Fund ("RS Fund")

The Red Stone Fund was set up in Ganzhou, Jiangxi Province, in January 2010 as a limited partnership in accordance with PRC Limited Partnership Law. The aim of RS Fund, whose size is RMB405 million, was to invest in minerals, energy or related industries in the PRC. The Group has paid RMB24.30 million for a 6.00% indirect interest in RS Fund. The Fund has two investments, respectively, of 14.4% in equity in Ganxian Shirui New Materials Company Limited and 12.5% in equity in Ganzhou Chenguang Rare Earths New Material Company Limited. Both investments performed unsatisfactory due to the substantial decline in prices of global mineral resources. In 2011, RS Fund advanced an entrusted loan of RMB180 million to 太重煤機有限公司 (Tai Chong Coal Machinery Company Limited, "TCC") whose main businesses are the manufacture and sale of coal washing equipment, coking coal equipment and coal devices (scrapers, belt machines etc.). TCC has been under reorganisation and RS Fund has an option to convert all or a portion of the entrusted loan for equity in TCC. In view of both the delay of the reorganization and the market situation, RS Fund has called for repayment of the entrusted loan. However, there has been difficulty in recovering the loan. As at the end of year, only RMB40 million had been repaid. The RS fund was contracted to dissolve in February 2015. In light of difficulties in disposing of the assets, all partners of the RD Fund have agreed to extend the dissolution for an extra year to February, 2016. This will enable the proper and orderly disposal of assets to be arranged. In the year, the Company received RMB2.40 million from RS Fund as its share of available excess cash. The distribution, together with any future similar distribution, is treated as an amount due to RS Fund and will be set-off against for final distribution by RS Fund upon its liquidation. As a result of the various unfavorable factors, the fair value of the RS Fund was US$3.14 million at end of year, resulting in a fair value deficit of US$0.49 million being debited to the income statement for the year.

China Alpha II Fund ("China Alpha")

The Group invested a sum of HK$20 million (approx. US$2.58 million) in China Alpha in December and, together with its previous holding, the total holding was 1,578 units with a fair value of US$3.25 million at end of year.

Financial assets at fair value through profit or loss

Ragentek Technology Group Limited ("Ragentek")

In February 2011, the Company invested US$7.3 million for a 6.6% common equity stake in Ragentek, a Chinese mobile phone handset design and development company which had reported remarkable operating results and solid growth prior to 2011. In 2012, Ragentek launched its self-branded 3G smartphone product lines. Due to fierce market competition and substantial research and development expenditure, Regentek incurred a loss in 2012 as a result of which the Company made a provision of US$4.6 million on the investment. In 2013, the Company disposed of nearly half of its equity interest (3.26%) in Ragentek for US$4.43 million, resulting in a profit of US$3.09 million which included a reversal of a related provision. In 2014, despite market competition remaining fierce, Ragentek was able to improve mildly and generated an unaudited profit of RMB71.41 million. The fair value of the remaining 3.37% equity in Ragentek was stated as US$1.75 million at end of year.

Investment For Which Full Provision Had Been Made

Junhui International Holdings Limited ("Junhui")

In September 2009, the Group entered into a set of secured loan and warrant agreements with Junhui, pursuant to which the Group committed to provide a total of RMB50 million to finance part of the construction cost of a dredging ship for projects in China. Up to August 2010, the Group had, from time to time, advanced sums amounting to a total of RMB43 million to Junhui for interim payments to the shipyard. Around July 2010, Junhui informed the Group that it was exploring the opportunity of a dredging project in Indonesia and intended to move the dredging ship, upon construction completion, to operate there. Having considered the political and commercial factors involved, both the Group and Junhui agreed all principal and interest be prepaid, irrespective of the scheduled repayment dates. Agreement was reached that full repayment had to be made no later than June 2012. Due to its repeated failure to repay the loan, the Group made a full provision on the outstanding loan principal and interest totalling 56.45 million (approx. US$9.01 million) in 2012. The Group has contacted the shipyard and offered proposals to facilitate disposal of the vessel but the shipyard hasn't responded.

Biographical Details of Directors

Mr. LO Yuen Yat, aged 69, was a Director from 1991 to 1993 and was re-elected in 1995. He is the chairman of the Company and China Assets Investment Management Limited ("CAIML", the Company's investment manager) and a director of various subsidiaries of the Company. He is also the chairman and managing director of First Shanghai Investments Limited which is a substantial shareholder and an associated company of the Company and a director of Golad Resources Limited. Also, he is the chairman of Public Holdings (Australia) Limited, which is a listed company in Australia. Previously, Mr. Lo was a senior policy researcher at China's National Research Centre for Science and Technology and Social Development and worked at the PRC State Science and Technology Commission, Ministry of Communications of the People's Republic of China and the PRC Railway Ministry. Mr. Lo graduated from Fudan University in Shanghai and obtained his master's degree from Harvard University.

Ms. LAO Yuan Yuan, aged 36, has been a Director since 2005. Ms. Lao is presently a vice-president of business development for Crimson Pharmaceuticals (Hong Kong) Limited ("Crimson"), a subsidiary of First Shanghai Investments Limited. Prior to joining Crimson, Ms. Lao worked in the investment banking division at Merrill Lynch & Co in New York City. Ms. Lao graduated magna cum laude from Columbia University where she studied Engineering Management Systems. Ms. Lao is the daughter of Mr. Lo Yuen Yat.

***Mr. JIANG Wei**, aged 52, was appointed a Director in 1996. He was a director and vice president of China Resources (Holdings) Company Limited and China Resources National Corporation. Mr. Jiang also was an executive director of Cosmos Machinery Enterprises Limited and an independent non-executive director of Greentown China Holdings Limited. He has extensive experience in financial and business planning, budgeting and controlling, legal and statutory tax planning, risk management and investment feasibility studies, and decision-making. He obtained both his bachelor's degree in International Trade and master's degree in International Business and Finance from the University of International Business and Economics in Beijing, China.

* *The office of Mr. Jiang as a Director was vacated on 30 January 2015, by resolution of the Board. The Company has been unable to contact Mr. Jiang to obtain his confirmation of mandatory information for this report.*

Mr. YEUNG Wai Kin, aged 53, has been a Director since 1997. He is a director of various subsidiaries of the Company and also a shareholder of CAIML. Mr. Yeung is the chief financial officer and a director of First Shanghai Investments Limited. He is also a director of First Shanghai Direct Investments Limited and Golad Resources Limited. He has over 30 years of experience in auditing, finance and management positions. Mr. Yeung possesses professional memberships of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He has a bachelor's degree in law from Peking University.

Mr. ZHAO Yu Qiao, aged 70, has been a Director since 2000. He has a bachelor's degree from Qinghua University, China, and a diploma in engineering from Rul University, Germany. He is an indirect shareholder of CAIML.

Mr. FAN Jia Yan, aged 68, has been a Director since 1999. Mr. Fan is an independent non-executive Director of the Company. He is a special adviser of CITIC Bank International Limited. He worked for CITIC Industrial Bank in Beijing for more than 10 years and is well versed in all aspects of China's banking business.

Biographical Details of Directors

Mr. WU Ming Yu, aged 83, has been a Director since 2002. Mr. Wu is an independent non-executive Director of the Company. Mr. Wu is a renowned scientific policy researcher in China and retired in 1994. He is an honorary president of the China Association for Scientific and Economic Research and the China Association for Scientific and Technology Research. He was a director of Creat Group, an independent director of Beijing Shougang Company Limited and an independent non-executive director of Venturepharm Laboratories Limited. He has been a vice-director of the Development Research Center of the State Council, vice-director of the State Science and Technology Commission and a part-time professor at the University of Science and Technology of China, Zhongqing University and the Beijing Institute of Technology. He has published numerous research papers and was instrumental in formulating China's policy on science and technology.

Dr. David William Maguire, aged 62, has been a Director since July 2008. Dr. Maguire is an independent non-executive Director of the Company. Over a continuing career of more than 30 years in the media sector he has held senior management positions in Shanghai, Hong Kong and Australia, been a university media academic, and served as chairman and director of a number of corporate and NFP entities. He is a Ph.D. (Murdoch University, Perth) and Doctor of Business Administration (Edith Cowan University, Perth), as well as a Master of Business Administration (James Cook University, Cairns) and holder of Masters degrees in regional development (University of Western Australia, Perth) and tourism management (Southern Cross University). He is a graduate of the Australian Institute of Company Directors.

Update On Directors' Information Under RULE 13.51B(1) Of The Main Board Listing Rules

The office of Mr. Jiang Wei as a Director was vacated on 30 January 2015, by resolution of the Board. Despite efforts by the Company to contact Mr. Jiang, it has been unable to do so. Mr. Jiang has not executed and returned to the Company:

The record required by the Note to Paragraph A.6.5 of the Corporate Governance Code in Appendix 14 of the Listing Rules ("Corporate Governance Code and Corporate Governance Report") of training received by Mr. Jiang;

A confirmation of personal information, making the Company unable to confirm the "Biographical Details of Directors" information about Mr. Jiang required by para 12 of Appendix 16 of the Listing Rules ("Disclosure Of Financial Information") and whether information provided in the past by Mr. Jiang remains accurate and complete;

A confirmation that he has complied with, or whether there has been any non-compliance by him with, the required standard set out in the Model Code for Securities Transactions by Directors in Appendix 10 of the Listing Rules and the Company's code of conduct regarding securities transactions by directors.

Accordingly, the Company is unable to comply fully with its obligation to state in the Corporate Governance Report, having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard. In the event of any non-compliance with the required standard set out in the Model Code for Securities Transactions by Directors, it cannot provide details of such non-compliance or an explanation of the remedial steps taken by the Company to address such non-compliance.

Corporate Governance Report

This Corporate Governance Report contains information for the year ended 31 December 2014. The Company is committed to maintain a sound standard of corporate governance in protecting the interests of its shareholders based on the principles of integrity, fairness, independence and transparency.

The Company continues to review the effectiveness of its corporate structure in order to assess whether changes are necessary and appropriate to improve its corporate governance practices.

Corporate Governance Practices

The Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules (the "CG Code") was introduced on 1 January 2005. Accordingly, the Company has adopted the code provisions and its subsequent amendments in the CG Code as its own code on corporate governance.

The Board is committed to maintain a high standard of corporate governance in the best interests of the shareholders. For the year ended 31 December 2014, the Company has complied with the code provisions set out in Appendix 14 to the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") save for a deviation from code provision A.6.7 in that one non-executive Director was unable to attend the annual general meeting of the Company held on 23 May 2014 due to overseas commitments.

Director's Securities Transactions

The Company has adopted Appendix 10 of the Listing Rules "Model Code for Securities Transactions by Directors of Listed Issuers" as rules for securities transactions initiated by the Directors of the Company. After specifically inquiring with all Directors of the Company (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015, and whom the Company has been unable to contact), the Company confirms that its Directors' securities transactions (other than those, if any, of Mr. Jiang Wei), fully complied with the standard laid down in the said rules during the year ended 31 December 2014.

Board of Directors

The board of Directors (the "Board") is responsible for providing leadership and oversight of the management and operations of the Company. The Board lays down strategies for achieving the business objectives so as to enhance the shareholders' value. The Board regularly reviews the Company's corporate governance principles and standard. As disclosed below, the Board maintains a balanced composition of executive and non-executive Directors. There is a strong independent element on the Board which can effectively bring independent judgment to the Company. In addition, the Board has a balance of skills and experience appropriate for the Company. Biographical details of the Directors are set out on pages 15 to 16. The Company has entered into a management agreement with China Assets Investment Management Limited ("CAIML") whereby CAIML was appointed to act as the investment manager of the Company and agreed to provide management services to the Company.

In compliance with rules 3.10 (1) and (2) of the Listing Rules, the Company has three independent non-executive Directors who have appropriate professional qualifications or accounting or related financial management expertise. The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board considers that the existing independent non-executive Directors are independent in accordance with the guidelines set out in rule 3.13 of the Listing Rules. When deemed necessary, any Director upon reasonable request may seek independent professional advice at the Company's expense.

Board of Directors *(Continued)*

Composition

During 2014, the Board comprised of eight Directors, of whom two were Executive Directors, three were Non-executive Directors and three were Independent Non-executive Directors. The members of the Board during the year ended 31 December 2014 and (except for Mr. Jiang Wei, whose office as a Director was vacated on 30 January 2015) up to the date of this report are set out as follows:

Executive Directors:

Mr. Lo Yuen Yat, Chairman
Ms. Lao Yuan Yuan

Non-executive Directors:

Mr. Jiang Wei#
Mr. Yeung Wai Kin
Mr. Zhao Yu Qiao

Independent Non-executive Directors:

Mr. Fan Jia Yan
Mr. Wu Ming Yu
Dr. David William Maguire

office as a Director vacated on 30 January 2015

Except for Ms. Lao Yuan Yuan being the daughter of Mr. Lo Yuen Yat, there is no relationship among the Directors of the Company.

The Chairman of the Board is Mr. Lo Yuen Yat who provides leadership and supervision for the Board and oversees the overall business and investment strategy. There is no individual performing the role of chief executive officer. With the assistance of the company secretary, the Chairman ensures that adequate information, which is complete and reliable, can be received by all the Directors in a timely manner and the Directors are properly briefed on issues arising at board meetings.

All Directors including Non-executive Directors shall be appointed for a term of not more than three years renewable, subject to re-election at a general meeting.

The Board held four board meetings during the year ended 31 December 2014. Notice of at least 14 days was given for a regular board meeting to which all Directors were given an opportunity to attend.

The Directors have been provided in a timely manner with appropriate information in order to enable them to discharge their duties and responsibilities. The regular board meetings have been participated in by the Directors either in person or through other means of communication.

Board of Directors *(Continued)*

Composition *(Continued)*

The individual attendance of each Director at the four board meetings for the year ended 31 December 2014 is set out as follows:

Name of Director	Attendance
Mr. Lo Yuen Yat	4/4
Ms. Lao Yuan Yuan	2/4
Mr. Jiang Wei	0/4#
Mr. Yeung Wai Kin	4/4
Mr. Zhao Yu Qiao	3/4
Mr. Fan Jia Yan	4/4
Mr. Wu Ming Yu	4/4
Dr. David William Maguire	4/4

\# *office as a Director vacated on 30 January 2015*

Directors' Professional Development

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the CG Code on continuous professional development during the year:

	Corporate Governance/Updates on laws, rules and regulations	
Name of Director	Read materials	Attend workshops
Mr. Lo Yuen Yat	✓	✓
Ms. Lao Yuan Yuan	✓	✓
Mr. Jiang Wei#	##	##
Mr. Yeung Wai Kin	✓	✓
Mr. Zhao Yu Qiao	✓	✓
Mr. Fan Jia Yan	✓	—
Mr. Wu Ming Yu	✓	—
Dr. David William Maguire	✓	✓

\# *office as a Director vacated on 30 January 2015*

\## *The Company has been unable to contact him to obtain information*

Remuneration Committee

A Remuneration Committee with specific written terms of reference was established in June 2005. The terms of reference are formulated based on the code provisions of the CG Code. The Remuneration Committee is a committee of the Board. Its primary function is to assist the Board in establishing a coherent remuneration policy which:

(i) reviews and approves the management's remuneration proposals with reference to the board's corporate goals and objectives;

(ii) enables the Company to attract, retain and motivate Directors and senior management who create value for shareholders;

(iii) fairly and responsibly rewards Directors and senior management with regard to the performance of the Company, the performance of the Directors and senior management, and the general remuneration environment; and

(iv) complies with the provisions of the Listing Rules and relevant legal requirements.

The Remuneration Committee is granted the authority to review the overall remuneration policy and other remuneration-related matters of the Company within its terms of reference and all employees are directed to cooperate as requested by members of the Remuneration Committee. The Remuneration Committee is provided with sufficient resources to discharge its duties. The Remuneration Committee is authorized by the Board to obtain outside legal or other independent professional advice if considered necessary.

During 2014, the Remuneration Committee comprised of three members of whom one is an Executive Director, Mr. Lo Yuen Yat, and two are Independent Non-executive Directors, Mr. Fan Jia Yan and Dr. David William Maguire. The Chairman of the Remuneration Committee is Mr. Fan Jia Yan.

Audit Committee

The Company has set up an Audit Committee with written terms of reference since December 1998. The Audit Committee is a committee of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others, the systems of internal controls which management and the Board have established, and the external audit process.

Full minutes of audit committee meetings are kept by a duly appointed secretary of the meeting. Draft and final versions of the minutes of audit committee meetings are sent to members of the committee for comment and record within a reasonable time after the meeting.

Since 22 March 2008, the Audit Committee has comprised three members of whom two are Independent Non-executive Directors, Mr. Fan Jia Yan and Mr. Wu Ming Yu, and one is a Non-Executive Director, Mr. Yeung Wai Kin. Mr. Fan is the chairman of the Audit Committee. Pursuant to rule 3.21 of the Listing Rules, the majority of the audit committee members are Independent Non-executive Directors and the committee is chaired by an Independent Non-executive Director. The Audit Committee comprises a minimum of three members, at least one of whom is an Independent Non-executive Director with appropriate professional qualifications.

Audit Committee *(Continued)*

The Audit Committee held three meetings during the year ended 31 December 2014. The individual attendance of each member at the committee meetings for the year ended 31 December 2014 is set out as follows:

Name of Director	Attendance
Mr. Fan Jia Yan	3/3
Mr. Wu Ming Yu	3/3
Mr. Yeung Wai Kin	3/3

Nomination Committee

A Nomination Committee with specific written terms of reference was established on 15 March 2012. The terms of reference are formulated based on the code provisions of the CG Code. The Nomination Committee is a committee of the Board. It performs the following duties:

(i) reviews the structure, size and composition (including the skills, knowledge and experience) of the board at least annually, and makes recommendations on any proposed changes to the board to complement the Company's corporate strategy;

(ii) identifies individuals suitably qualified to become board members and selects or makes recommendations to the board on the selection of individuals nominated for Directorships;

(iii) assesses the independence of Independent Non-executive Directors; and

(iv) makes recommendations to the board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee is comprised of three members, one of whom is an Executive Director, Mr. Lo Yuen Yat, and two are Independent Non-executive Directors, Mr. Fan Jia Yan and Mr. Wu Ming Yu. The Nomination Committee is chaired by Mr. Lo Yuen Yat.

Auditor's Remuneration

The following is a schedule setting out the remuneration in respect of the audit and non-audit services provided by the external auditors, PricewaterhouseCoopers, to the Company and the Group during the year ended 31 December 2014.

	US$
Annual audit fee	178,065
Non-audit fee	10,702
	188,767

Internal Control

The Directors acknowledge their responsibility to ensure a sound and effective internal control system which is designed to provide reasonable, but not absolute, assurance that material mis-statement or loss can be avoided, and to manage and minimize risks of failure in achieving the Company's objectives. The Audit Committee is delegated by the board to review the internal control system on an ongoing basis.

The Audit Committee was satisfied that the internal control system during the year under review had been in place and functioning effectively.

Directors' Responsibility for Preparing the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the Consolidated Financial Statements of the Company and the Group. They confirm that, to the best of their knowledge and having made all reasonable inquiries, they 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.

The statement of the external auditor of the Company, PricewaterhouseCoopers, in connection with their reporting responsibilities on the consolidated financial statements of the Company and the Group is set out in the Independent Auditor's Report on pages 30 and 31.

Investment Committee

The Board has established an Investment Committee with power to make investment decisions and to approve the valuations of the Company's investments prepared by the Investment Manager.

The Investment Committee is comprised of three members, of whom two are Executive Directors, Mr. Lo Yuen Yat and Ms. Lao Yuan Yuan, and one Non-executive Director, Mr. Yeung Wai Kin.

Communication with Shareholders

The Company endeavors to maintain an on-going dialogue with shareholders and, in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation. The Chairman and members of the Board will make themselves available to answer questions on the Group's business.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holdings. The principal activities and other relevant details of the subsidiaries and associates are set out in Notes 13 and 14 to the consolidated financial statements respectively.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 to the consolidated financial statements. The Company, being an investment holding company, has no supplier or customer.

All the subsidiaries are either investment holding companies or dormant companies and have no supplier or customer.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 32. The Directors do not recommend the payment of a dividend for the year ended 31 December 2014.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in Note 21 to the consolidated financial statements.

Share Capital

Details of the Company's share capital are set out in Note 20 to the consolidated financial statements.

Distributable Reserve

There was no distributable reserve of the Company as at 31 December 2014 (2013: Nil).

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 set out on page 80.

Purchase, Sale or Redemption of Shares

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

Directors

The Directors during the year and (except for Mr. Jiang Wei, whose office as a Director was vacated on 30 January 2015) up to the date of this report were:

Mr. Lo Yuen Yat
Ms. Lao Yuan Yuan
Mr. Jiang Wei
Mr. Yeung Wai Kin
Mr. Zhao Yu Qiao
* Mr. Fan Jia Yan
* Mr. Wu Ming Yu
* Dr. David William Maguire

Non-executive Directors
* *Independent Non-executive Directors*

Directors *(Continued)*

In accordance with Articles 87B, 90 and 98 of the Company's Articles of Association, Ms. Lao Yuan Yuan, Mr. Zhao Yu Qiao and Mr. Wu Ming Yu will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Directors' Service Contracts

No Director (whether or not he/she is proposed for re-election at the forthcoming annual general meeting) has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation (if any).

Biographical Details of Directors

Brief biographical details of Directors are set out on pages 15 and 16.

Continuing Connected Transaction

New Agreement Supplemental to Amended Management Agreement

The Company entered into an agreement (the "Management Agreement") on 28 March 1991 with China Assets Investment Management Limited ("CAIML") for provision of management and advisory services to the Company. The Management Agreement was subsequently amended on 8 April 1992 and a supplemental agreement (as from time to time amended, the "Amended Management Agreement") was signed on 11 October 2004 in which the term of the Management Agreement was fixed to continue to 31 December 2006. The Amended Management Agreement was subsequently renewed bi-annually on the same terms and conditions until 31 December 2012.

On 28 December 2012, a new agreement dated 25 September 2012 (the "New Supplemental Agreement") to supplement the Amended Management Agreement for provision of management and advisory services to the Company by CAIML, effective 1 January 2013 to 31 December 2015, was approved by shareholders in general meeting.

The Amended Management Agreement and the New Supplemental Agreement (collectively the "New Amended Management Agreement") may be terminated by either party by serving not less than six months' written notice to the other party provided that the Company is required to have approval of its shareholders (by way of ordinary resolution) before giving such notice.

Under the New Amended Management Agreement, CAIML is entitled to receive from the Company a basic management fee at the rates of (i) 2.75% per annum on the aggregate cost to the Company of the investment (less any provisions in respect thereof) held by it from time to time; and (ii) 1% per annum on the value of the uninvested net assets of the Company. In addition, CAIML is entitled to a performance bonus based on a specified formula and the return on net assets and net capital gains of the Company subject to the net asset value of the Company for the relevant year being greater than the greatest of all previous net asset values. The annual management fee (including performance bonus, if any) is also subject to the relevant annual cap as approved by shareholders in general meeting.

The current Directors of the Company confirm that none of them has any equity interest in CAIML or had at any material time any interest in the Amended Management Agreement or the New Amended Management Agreement except that (a) Mr. Lo Yuen Yat is a director of CAIML; (b) Mr. Yeung Wai Kin is a shareholder of CAIML; and (c) Mr. Zhao Yu Qiao is an indirect shareholder of CAIML.

Continuing Connected Transaction *(Continued)*

New Agreement Supplemental to Amended Management Agreement *(Continued)*

The Independent Non-executive Directors have reviewed the above continuing connected transaction and have confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of the business of the Company and its subsidiaries;

(2) on normal commercial terms, or on terms no less favorable to the Company than terms available to, or from, independent third parties; and

(3) in accordance with the relevant agreement governing them, on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Company's continuing connected transaction in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Company in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Further details of the above transaction are disclosed in Note 25(a) to the consolidated financial statements.

Share Options

Options in respect of shares in the Company

On 19 May 2004, the Company adopted a share option scheme (the "Old Scheme"). Under the Old Scheme, the Board shall be entitled at any time within ten years commencing on 19 May 2004 to make an offer for the grant of a share option to any director, employee or consultant of the Group or the Manager of the Company's affairs or any adviser whose service to the Group may contribute to the business and operation of the Group as the Board may in its absolute discretion select.

Due to the expiry of the Old Scheme on 19 May 2014 and in order to ensure continuity of a share option scheme for the Company to incentivize selected participants for their contribution to the Group, the Shareholders at the annual general meeting of the Company held on 23 May 2014 passed an ordinary resolution to approve the adoption of a new share option scheme (the "New Scheme"). Pursuant to the terms of the New Scheme, the Directors may at their discretion offer any director, employee or consultant of the Group, a company in which any company in the Group holds an equity interest or a subsidiary of such company or the Manager; or any adviser whose service to the Group contributes or is expected to contribute to the business or operation of the Group as may be determined by the Directors from time to time to subscribe for Shares in the Company. Following the termination of the Old Scheme on 19 May 2014, no further share options can be granted under the Old Scheme but the provisions of the Old Scheme remain in full force and effect in all other respects in relation to the share options granted under the Old Scheme. All outstanding share options granted under the Old Scheme and yet to be exercised shall remain valid.

Under the New Scheme, no share options were granted during the year ended 31 December 2014.

Share Options *(Continued)*

Options in respect of shares in the Company *(Continued)*

Details of the share options granted under the Scheme and that remained outstanding as at 31 December 2014 are as follows:

	Options held at 1 January 2014	Options lapsed during the year	Options exercised during the year	Options held at 31 December 2014	Exercise price *HK$*	Closing price before the date of grant *HK$*	Date of grant	Exercise period
Directors:								
Lo Yuen Yat	725,000	(725,000)	—	—	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	750,000	—	—	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Lao Yuan Yuan	750,000	—	—	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Jiang Wei#	50,000	(50,000)	—	—	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	500,000	—	—	500,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Yeung Wai Kin	400,000	(400,000)	—	—	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	750,000	—	—	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Zhao Yu Qiao	305,000	(305,000)	—	—	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	750,000	—	—	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Wu Ming Yu	70,000	(70,000)	—	—	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	75,000	—	—	75,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Employees of the Manager	1,100,000	(200,000)	—	900,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
	6,225,000	(1,750,000)	—	4,475,000				

\# *office as a Director vacated on 30 January 2015*

Directors' Interests in Contracts of Significance

Save as disclosed above in the section headed New Agreement Supplemental to Amended Management Agreement, no other contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party, and in which a Director of the Company (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015 and who the Company has been unable to contact to obtain confirmation of his interests) had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year.

Save as disclosed above in the section headed New Agreement Supplemental to Amended Management Agreement, no contracts concerning the management and administration of the whole, or any substantial part, of the business of the Company were entered into or existed during the year.

Directors' and Chief Executive's Interest and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2014, the interests and short positions of Directors (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015, and whom the Company has been unable to contact to obtain confirmation of his interests) and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") were as follows:

	Number of ordinary shares held			Percentage of total number of shares in issue
Name of Director	**Personal interests**	**Corporate interests**	**Total**	
Lo Yuen Yat	225,000	0	225,000	0.29%
Yeung Wai Kin	100,000	0	100,000	0.13%
Fan Jia Yan	75,000	0	75,000	0.10%

Apart from the New Agreement Supplemental to Amended Management Agreement and the Scheme stated above, at no time during the year had the Company, its subsidiaries, its associates, its fellow subsidiaries or its holding company been a party to any arrangement to enable the Directors and/or chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Apart from the above, as at 31 December 2014, none of the Directors (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015, and whom the Company has been unable to contact to obtain confirmation of his interests) or the chief executive of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests and Short Positions in the Shares of the Company and its Associated Corporations

The register of substantial shareholders' interests maintained under section 336 of the SFO reveals that as at 31 December 2014, the Company had been notified of the following interests of the substantial shareholders of the Company, being 5% or more of the Company's issued shares that carry a right to vote at general meetings of the Company.

Name	Type of interest	Capacity	Number of ordinary shares held	Percentage of total number of shares in issue
First Shanghai Investments Limited ("FSIL") *(Note 1)*	Corporate	Interest of Controlled Corporation	25,162,866	32.78%
First Shanghai Direct Investments Limited ("FSDI") *(Note 1)*	Corporate	Interest of Controlled Corporation	25,162,866	32.78%
Golad Resources Limited *(Note 1)*	Corporate	Beneficial Owner	25,162,866	32.78%
Deutsche Bank Aktiengesellschaft	Corporate	Security Interest Beneficial owner	17,515,000 2,086,082	22.82% 2.72%
QVT Financial LP *(Note 2)*	Corporate	Investment Manager	17,093,918	22.27%
QVT Financial GP LLC *(Note 2)*	Corporate	Interest of Controlled Corporation	17,093,918	22.27%
QVT Associates GP LLC *(Note 3)*	Corporate	Interest of Controlled Corporation	16,863,526	21.97%
QVT Fund LP *(Note 3)*	Corporate	Beneficial Owner	15,337,878	19.98%
Chen Dayou *(Note 4)*	Personal	Interest of Controlled Corporation	8,075,000	10.52%
Team Assets Group Limited *(Note 4)*	Corporate	Beneficial Owner	8,075,000	10.52%

Note:

(1) Both FSIL and FSDI had corporate interests in the shares of the Company in issue through their indirect or direct share interests in Golad Resources Limited. Golad Resources Limited is wholly-owned by FSDI, which is, in turn, wholly-owned by FSIL.

(2) QVT Financial GP LLC had an interest in QVT Financial LP which is deemed to have interest in the shares of the Company in issue since QVT Financial LP acts in the capacity of an investment manager to QVT Fund LP.

(3) QVT Associates GP LLC had an interest in the shares of the Company in issue through its interest in QVT Fund LP.

(4) Chen Dayou had an interest in the shares of the Company in issue through its interest in Team Assets Group Limited.

Substantial Shareholders' Interests and Short Positions in the Shares of the Company and its Associated Corporations *(Continued)*

Save as disclosed above, no other shareholders of the Company had any beneficial or legal interests in 5% or more of the Company's issued shares that carry a right to vote in general meetings of the Company as recorded in the register maintained by the Company. All the interests described above represent a long position in the shares of the Company and no short positions, deemed interests or derivative interests were recorded in the register maintained by the Company as at 31 December 2014.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at the date of this report.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Lo Yuen Yat
Chairman
Hong Kong, 27 March 2015

pwc 羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CHINA ASSETS (HOLDINGS) LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Assets (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 32 to 79, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 80 of Schedule 11 to the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Auditor's Responsibility *(Continued)*

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

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2015

Consolidated Income Statement

For the Year Ended 31 December 2014

	Note	2014 US$	2013 US$
Income	6	**862,415**	747,698
Other gains — net	7	**10,234,676**	4,596,001
Administrative expenses	8	**(2,348,353)**	(2,781,219)
Operating profit		**8,748,738**	2,562,480
Share of profits/(losses) of associates		**1,902,131**	(752,393)
Profit before income tax		**10,650,869**	1,810,087
Income tax (expense)/credit	10	**(925,152)**	1,458,599
Profit for the year attributable to equity holders of the Company		**9,725,717**	3,268,686
Earnings per share attributable to the equity holders of the Company during the year	12		
— Basic		**0.127**	0.043
— Diluted		**0.127**	0.043

The notes on pages 39 to 79 are an integral part of these consolidated financial statements.

		2014 US$	2013 US$
Dividend		**—**	—

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2014

	2014	2013
	US$	*US$*
Profit for the year	**9,725,717**	3,268,686
Other comprehensive income/(loss)		
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
Over provision of deferred income tax on fair value gain of an available-for-sale financial asset in prior years	**—**	2,803,577
Share of post-acquisition reserves of associates	**6,471,442**	1,144,609
Release of post-acquisition reserve upon deemed disposal of an associate	**(14,205)**	—
Exchange differences arising on translation of subsidiaries and associates	**(761,795)**	604,726
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	**(4,773,110)**	(1,451,021)
Fair value gains of available-for-sale financial assets, net of deferred income tax	**28,476,879**	10,427,186
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset, net of deferred income tax	**(804,607)**	—
Other comprehensive income for the year, net of tax	**28,594,604**	13,529,077
Total comprehensive income for the year attributable to equity holders of the Company	**38,320,321**	16,797,763

The notes on pages 39 to 79 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 US$	2013 US$
ASSETS			
Non-current assets			
Investments in associates	14	**72,341,803**	65,922,206
Available-for-sale financial assets	15	**80,708,893**	57,634,496
Total non-current assets		**153,050,696**	123,556,702
Current assets			
Loans receivable	16	**8,041,300**	4,122,963
Other receivables, prepayments and deposits	17	**206,128**	181,448
Financial assets at fair value through profit or loss	18	**7,004,648**	5,902,284
Tax recoverable		**70,253**	70,252
Short-term bank deposits with initial terms of over three months	19	**4,144,215**	—
Cash and cash equivalents	19	**26,225,412**	25,181,872
Total current assets		**45,691,956**	35,458,819
Total assets		**198,742,652**	159,015,521
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	20	**76,783,698**	7,675,816
Reserves	21	**119,843,860**	150,631,421
Total equity		**196,627,558**	158,307,237
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	22	**—**	89,401
Current liabilities			
Other payables and accrued expenses		**705,738**	295,744
Amounts due to related companies	25(c)	**407,942**	306,376
Current income tax liabilities		**1,001,414**	16,763
Total current liabilities		**2,115,094**	618,883
Total liabilities		**2,115,094**	708,284
Total equity and liabilities		**198,742,652**	159,015,521
Net current assets		**43,576,862**	34,839,936
Total assets less current liabilities		**196,627,558**	158,396,638

Lo Yuen Yat
Director

Lao Yuan Yuan
Director

The notes on pages 39 to 79 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2014

	Note	2014 US$	2013 US$
ASSETS			
Non-current assets			
Investments in subsidiaries	13	**17,348,252**	18,199,893
Investments in associates	14	**13,857,026**	14,719,554
Available-for-sale financial assets	15	**80,708,893**	57,634,496
Total non-current assets		**111,914,171**	90,553,943
Current assets			
Loan receivable	16	**—**	—
Other receivables, prepayments and deposits	17	**93,144**	77,604
Financial assets at fair value through profit or loss	18	**7,004,648**	5,902,284
Tax recoverable		**70,253**	70,252
Short-term bank deposits with initial terms of over three months	19	**4,144,215**	—
Cash and cash equivalents	19	**15,899,791**	16,491,027
Total current assets		**27,212,051**	22,541,167
Total assets		**139,126,222**	113,095,110
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	20	**76,783,698**	7,675,816
Reserves	21	**61,150,805**	104,649,725
Total equity		**137,934,503**	112,325,541
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	22	**—**	89,401
Current liabilities			
Other payables and accrued expenses		**704,934**	294,919
Amounts due to subsidiaries and related companies	25(c)	**470,022**	368,486
Current income tax liabilities		**16,763**	16,763
Total current liabilities		**1,191,719**	680,168
Total liabilities		**1,191,719**	769,569
Total equity and liabilities		**139,126,222**	113,095,110
Net current assets		**26,020,332**	21,860,999
Total assets less current liabilities		**137,934,503**	112,414,942

Lo Yuen Yat
Director

Lao Yuan Yuan
Director

The notes on pages 39 to 79 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2014

	Share capital US$	Share premium US$	Capital Reserve US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
Balance as at 1 January 2014	7,675,816	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	158,307,237
Comprehensive income								
Profit for the year attributable to equity holders of the Company	–	–	–	–	–	–	9,725,717	9,725,717
Other comprehensive income/(loss)								
Share of post-acquisition reserves of associates	–	–	6,471,442	–	–	–	–	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	–	–	(14,205)	–	–	–	–	(14,205)
Exchange differences arising on translation of subsidiaries and associates	–	–	–	(761,795)	–	–	–	(761,795)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	–	–	–	–	–	(4,773,110)	–	(4,773,110)
Fair value gains of available-for-sale financial assets – gross	–	–	–	–	–	28,476,879	–	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset – gross	–	–	–	–	–	(894,008)	–	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	–	–	–	–	–	89,401	–	89,401
Total other comprehensive income/(loss) for the year, net of tax	–	–	6,457,237	(761,795)	–	22,899,162	–	28,594,604
Total comprehensive income/(loss) for the year ended 31 December 2014	–	–	6,457,237	(761,795)	–	22,899,162	9,725,717	38,320,321
Transfer of reserve upon lapse of share options	–	–	–	–	(67,332)	–	67,332	–
Transition to no-par value regime on 3 March 2014 *(Note 20)*	69,107,882	(69,107,882)	–	–	–	–	–	–
Balance as at 31 December 2014	76,783,698	–	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	196,627,558

The notes on pages 39 to 79 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (Continued)

For the Year Ended 31 December 2014

	Share capital *US$*	Share premium *US$*	Capital reserve *US$*	Exchange translation reserve *US$*	Share-based compensation reserve *US$*	Investment revaluation reserve *US$*	Retained earnings *US$*	Total *US$*
Balance as at 1 January 2013	7,675,816	69,107,882	8,027,869	2,942,187	1,573,881	17,733,406	34,448,433	141,509,474
Comprehensive income								
Profit for the year attributable to equity holders of the Company	–	–	–	–	–	–	3,268,686	3,268,686
Other comprehensive income/(loss)								
Share of post-acquisition reserves of associates	–	–	1,144,609	–	–	–	–	1,144,609
Exchange differences arising on translation of subsidiaries and associates	–	–	–	604,726	–	–	–	604,726
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	–	–	–	–	–	(1,451,021)	–	(1,451,021)
Fair value gains of available-for-sale financial assets – gross	–	–	–	–	–	10,411,604	–	10,411,604
Deferred income tax on fair value loss of an available-for-sale financial asset	–	–	–	–	–	15,582	–	15,582
Over provision of deferred income tax on fair value gain of an available-for-sale financial asset in prior years	–	–	–	–	–	2,803,577	–	2,803,577
Total other comprehensive income for the year, net of tax	–	–	1,144,609	604,726	–	11,779,742	–	13,529,077
Total comprehensive income for the year ended 31 December 2013	–	–	1,144,609	604,726	–	11,779,742	3,268,686	16,797,763
Balance as at 31 December 2013	7,675,816	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	158,307,237

The notes on pages 39 to 79 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2014

	Note	Year ended 31 December 2014 US$	2013 US$
Cash flows from operating activities			
Cash used in operations	23	**(2,417,272)**	(2,783,676)
Hong Kong profits tax paid		**—**	—
Overseas profits tax paid		**—**	—
Net cash used in operating activities		**(2,417,272)**	(2,783,676)
Cash flows from investing activities			
Loan repayment received		**350,000**	—
Loan advanced to an associate		**(3,995,661)**	—
Interest received		**606,992**	517,920
Dividends received from listed investments		**255,423**	229,778
Placement of time deposits with initial terms of over three months		**(4,144,215)**	—
Investments in associates		**—**	(263,870)
Purchase of available-for-sale financial assets		**(2,578,383)**	(49,215)
Purchase of financial assets at fair value through profit or loss		**(840,057)**	—
Net proceed from disposals of interests in an associate		**6,218,388**	—
Net proceed from disposals of available-for-sale financial assets		**7,815,603**	2,523,373
Net proceed from disposals of financial assets at fair value through profit or loss		**88,195**	4,426,720
Net cash generated from investing activities		**3,776,285**	7,384,706
Net increase in cash and cash equivalents		**1,359,013**	4,601,030
Cash and cash equivalents at beginning of year		**25,181,872**	20,337,805
Exchange (losses)/gains on cash and cash equivalents		**(315,473)**	243,037
Cash and cash equivalents at end of year	19	**26,225,412**	25,181,872

The notes on pages 39 to 79 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

China Assets (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in investment holdings in Hong Kong and Mainland China.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in United States dollars ("US$"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 27 March 2015.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of China Assets (Holdings) Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Changes in accounting policy and disclosures

Effect of adopting new accounting standards, and amendments and interpretation to existing standards

The following amended standards and interpretation to existing standards are also mandatory to the Group for the financial year beginning on or after 1 January 2014 but they did not result in any significant impact on the results and financial position of the Group.

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable amount disclosure for non-financial assets
HKAS 39 (Amendment)	Novation of derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12, and HKAS 27 (2011) (Amendment)	Investment Entities
HK(IFRIC) — Int 21	Levies

2. Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Changes in accounting policy and disclosures (Continued)

New standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted

		Effective for accounting period beginning on or after
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable methods of Depreciation and Amortization	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 27 (2011) (Amendment)	Equity method in Separate Financial Statements	1 January 2016
HKAS 28 and HKFRS 10 (Amendment)	Sale and Contribution of Assets between an Investor and its Associate or Joint venture	1 January 2016
HKFRS 11 (Amendment)	Acquisitions of interests in joint operation	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements Project	Improvements to HKASs and HKFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements Project	Improvements to HKASs and HKFRSs 2011-2013 Cycle	1 July 2014
Annual Improvements Project	Improvements to HKASs and HKFRSs 2012-2014 Cycle	1 July 2016

The Group has already commenced an assessment of the related impact of adopting the above new standards and amendments to existing standards to the Group. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2. Summary of significant accounting policies *(Continued)*

(b) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Summary of significant accounting policies *(Continued)*

(b) Subsidiaries *(Continued)*

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2. Summary of significant accounting policies *(Continued)*

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. All foreign exchange gains and losses are presented in the consolidated income statement within 'other gains/(losses) — net'.

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale are included in other comprehensive income.

(iii) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2. Summary of significant accounting policies *(Continued)*

(f) Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loans receivable', 'other receivables', 'loan receivable from an associate', 'short-term bank deposits' and 'cash and cash equivalents' in the consolidated balance sheet (Notes 2(i) and 2(j)).

(iii) Available-for-sale financial assets

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

2. Summary of significant accounting policies *(Continued)*

(g) Financial assets *(Continued)*

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'other gains/(losses) — net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in investment revaluation reserve are included in the consolidated income statement as 'other gains/(losses) — net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

(h) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisations, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Summary of significant accounting policies *(Continued)*

(h) Impairment of financial assets *(Continued)*

(i) Assets carried at amortised cost *(Continued)*

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

Impairment testing of loans and receivables is described in Note 2(h)(i).

(i) Loans receivable and other receivables

If collection of loans receivable and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

(j) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2. Summary of significant accounting policies *(Continued)*

(k) Share capital

Ordinary shares are classified as equity.

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

(l) Other payables

Other payables are recognised initially at fair value and subsequent measured at amortised cost using the effective interest method.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies *(Continued)*

(m) Current and deferred income tax *(Continued)*

(ii) Deferred income tax *(Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(o) Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group participates in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2. Summary of significant accounting policies *(Continued)*

(o) Employee benefits *(Continued)*

(i) Pension obligations *(Continued)*

The contributions are recognised as employee benefit expenses when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(p) Income recognition

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method. When loans receivable and other receivables are impaired, the Group reduces the carrying amounts to their recoverable amounts, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans receivable and other receivables are recognised using the original effective interest rate.

(q) Dividend distribution

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

3. Financial risk management

(a) Financial risk factors

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

(i) Market risk

(1) Foreign exchange risk

The Group operates mainly in HK and the Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollars ("HK$") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy.

In respect of the Group's monetary assets and liabilities denominated in HK$, as HK$ is pegged to US$, the exposure to fluctuations in exchange rate of HK$ is considered to be insignificant.

Majority of other Group's monetary assets and liabilities are denominated in the respective group entities' functional currencies, which is either US$ or RMB. Based on a sensitivity analysis performed by management, the impact to the Group would not be significant if the US$ and RMB strengthened or weakened against the relevant currencies by less than 5%.

(2) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

If the securities price of the respective investments held by the Group as available-for-sale financial assets and financial assets at fair value through profit or loss were higher/lower by 15% as at 31 December 2014 (2013: 15%), the Group's investment revaluation reserve would increase/decrease by US$11,636,000 (2013: US$8,645,000), while 'other gains/(losses) — net' in the consolidated income statement for the year ended 31 December 2014 would increase/decrease by US$1,521,000 (2013: US$885,000) respectively.

3. Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(3) Cash flow and fair value interest rate risk

The Group's significant interest-bearing assets are loans receivable. Loans receivable issued at fixed rates expose the Group to fair value interest risk. Group policy is to maintain all of its loans receivable in fixed rate instruments.

The Group's interest rate risk arises from bank deposits which carry floating interest rate. Assuming the balance as 31 December 2014 was the amount for the whole year, if the interest rate was 20 (2013: 20) basis points higher or lower and all other variables were held constant, the Group's profit or loss would increase or decrease by approximately US$57,000 (2013: US$39,000).

(ii) Credit risk

The Group is exposed to credit risk mainly in relation to its loans and other receivables and deposits with banks. The carrying amounts of loans receivable, other receivables and deposits, short-term bank deposits and cash at banks included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2014, other than the loans receivable which are detailed in Note 16, the Group has no significant concentrations of credit risk. It has policies in place to ensure that loans were made to borrowers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any borrower. Adequate provision for unrecoverable loans and other receivables has been made in the relevant accounting period after considering the Group's experience in collection of loans and other receivables.

As at 31 December 2013 and 2014, all the bank deposits are placed with major banks in Hong Kong and the Mainland China. The credit quality of the financial institutions has been assessed by reference to external credit ratings or historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping sufficient cash and marketable securities.

The Group considers that the exposure to liquidity risk is insignificant as the Group does not have any material financial liabilities.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3. Financial risk management *(Continued)*

(b) Capital risk management *(Continued)*

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital of the Group for capital management purpose includes share capital, retained earnings, other reserves and subordinated liabilities, if any. Capital is allocated to various business activities of the Group depending on the risk taken by each business, taking into account current and future activities within a time frame.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

As at 31 December 2013 and 2014, the Group had no bank borrowings and, accordingly, the gearing ratio for both years is nil.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 31 December 2014.

	Level 1 *US$*	Level 2 *US$*	Level 3 *US$*	Total *US$*
Financial assets at fair value through profit or loss				
— listed equity securities	5,254,886	—	—	5,254,886
— unlisted equity securities	—	—	1,749,762	1,749,762
Available-for-sale financial assets				
— listed equity securities	74,324,014	—	—	74,324,014
— unlisted investment funds	—	3,248,834	3,136,045	6,384,879
	79,578,900	3,248,834	4,885,807	87,713,541

3. Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 31 December 2013.

	Level 1 *US$*	Level 2 *US$*	Level 3 *US$*	Total *US$*
Financial assets at fair value through profit or loss				
— listed equity securities	4,152,522	—	—	4,152,522
— unlisted equity securities	—	—	1,749,762	1,749,762
Available-for-sale financial assets				
— listed equity securities	52,654,714	—	—	52,654,714
— unlisted investment funds	—	458,304	4,521,478	4,979,782
	56,807,236	458,304	6,271,240	63,536,780

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily securities listed in the Stock Exchange of Hong Kong Limited.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments; and

— Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3. Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Unlisted investment fund	**Unlisted equity securities**	**Total**
	US$	***US$***	***US$***
Opening balance	**4,521,478**	**1,749,762**	**6,271,240**
Release of investment revaluation reserve upon impairment	**(894,008)**	**—**	**(894,008)**
Provision for impairment loss recognised in the consolidated income statement	**(491,425)**	**—**	**(491,425)**
Closing balance	**3,136,045**	**1,749,762**	**4,885,807**

The following table presents the changes in level 3 instruments for the year ended 31 December 2013.

	Unlisted investment fund	Unlisted equity securities	Total
	US$	*US$*	*US$*
Opening balance	4,628,088	2,713,333	7,341,421
Addition during the year	49,215	—	49,215
Loss recognised in the investment revaluation reserve	(155,825)	—	(155,825)
Disposal during the year	—	(1,334,877)	(1,334,877)
Gain recognised in the consolidated income statement	—	371,306	371,306
Closing balance	4,521,478	1,749,762	6,271,240

4. Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4. Critical accounting estimates and judgements *(Continued)*

(a) Estimated impairment of loans and other receivables

Provision for impairment of loans and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. In determining whether any of the loans and other receivables is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered. Based on the management's estimation, adequate impairment provision has been made on loans and other receivables. Where the final outcome of these matters is different from the management's estimates and judgements, such differences will impact the consolidated income statement and carrying value of loans and other receivables in the period in which such determination is made.

(b) Estimated impairment of non-financial assets

The Group tests whether the carrying amount of investment has suffered from any impairment, in accordance with the accounting policies stated in Note 2(b)(ii) and Note 2(c). The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates.

(c) Fair value of financial instruments

The fair value of financial instruments traded in active markets (such as trading and available-for-sale financial assets securities) is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions, mainly in Hong Kong and the Mainland China. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(e) Estimated impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. Investment management fee

Pursuant to a management agreement ('Management Agreement') dated 28 March 1991 and the subsequent amendments, and a new agreement dated 25 September 2012 (the "New Supplemental Agreement") which is effective from 1 January 2013 to 31 December 2015 to supplement the Management Agreement for provision of management and advisory services to the Company, China Assets Investment Management Limited ('CAIML') (Note 25(a)) is entitled to receive from the Company a management fee calculated at the following rates:

(i) 2.75% per annum on the aggregate cost to the Company of the investments (less any provisions in respect thereof) held by it from time to time; and

(ii) 1% per annum on the value of uninvested net assets, representing net asset value of the Company less the aggregate cost of investments made by the Company.

Management fee paid and payable to CAIML for the year ended 31 December 2014 amounted to US$1,574,992 (2013: US$1,654,345).

CAIML is also entitled to receive a performance bonus based on a specified formula as defined in the Management Agreement. No performance bonus had been paid for the year ended 31 December 2014 (2013: Nil).

6. Income and segment information

The principal activity of the Group is investment holdings in Hong Kong and Mainland China. Income recognised during the year is as follows:

	2014	2013
	US$	*US$*
Income		
Bank interest income	**606,992**	345,975
Loan interest income	**—**	171,945
Dividend income from listed investments	**255,423**	229,778
	862,415	747,698

The chief operating decision-maker has been identified as the Board of Directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the Board of Directors for performance assessment and resources allocation.

The Board of Directors assesses the performance of the operating segment based on a measure of profit before tax. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRSs financial statements.

6. Income and segment information *(Continued)*

The Group has identified one operating segment — investment holdings. Accordingly, segment disclosures are not presented.

An analysis of the Group's income by geographic location is as follows:

	2014	2013
	US$	*US$*
Income		
Hong Kong	**543,810**	402,403
Mainland China	**318,605**	345,295
	862,415	747,698

An analysis of the Group's non-current assets, other than available-for-sale financial assets by geographic location is as follows:

	2014	2013
	US$	*US$*
Non-current assets, other than available-for-sale financial assets		
Hong Kong	**66,927,209**	56,215,602
Mainland China	**5,414,594**	9,706,604
	72,341,803	65,922,206

7. Other gains — net

	2014	2013
	US$	*US$*
Net gains on disposals of available-for-sale financial assets	**5,993,281**	1,434,997
Net gains on disposals of financial assets at fair value through profit or loss	**34,069**	3,091,843
Net fair value gains on financial assets at fair value through profit or loss	**316,433**	197,128
Net gains on disposal of interest in an associate	**4,541,206**	—
Net loss on deemed disposal of interest in an associate	**(58,630)**	—
Provision for impairment loss of an available-for-sale financial asset	**(491,425)**	—
Reversal of provision/(provision) for impairment of loans and other receivables	**350,000**	(376,458)
Net exchange (losses)/gains	**(450,258)**	248,491
	10,234,676	4,596,001

7. Other gains — net *(Continued)*

(a) Breakdown of realised and unrealised gains/(losses)

	2014	2013
	US$	US$
Net gains on disposals of available-for-sale financial assets	5,993,281	1,434,997
Net gains on disposals of financial assets at fair value through profit or loss	34,069	3,091,843
Net fair value gains on financial assets at fair value through profit or loss	316,433	197,128
Net gains on disposal of interest in an associate	4,541,206	—
Net loss on deemed disposal of interest in an associate	(58,630)	—
Provision for impairment loss of an available-for-sale financial asset	(491,425)	—
	10,334,934	4,723,968

The realised and unrealised gains/(losses) is represented by:

	2014	2013
	US$	US$
Listed investments		
Realised gains	5,968,720	—
Unrealised gains/(losses)	316,433	(174,178)
	6,285,153	(174,178)
Unlisted investments		
Realised gains	4,541,206	4,526,840
Unrealised (losses)/gains	(491,425)	371,306
	4,049,781	4,898,146
	10,334,934	4,723,968

8. Administrative expenses

Expenses included in administrative expenses are analysed as follows:

	2014	2013
	US$	US$
Investment management fee *(Note 5)*	1,574,992	1,654,345
Employee benefit expenses (including directors' remuneration) *(Note 9)*	186,358	186,358
Auditor's remuneration	178,065	178,562
Other expenses	408,938	761,954
	2,348,353	2,781,219

9. Employee benefit expenses (including directors' remuneration)

	2014	2013
	US$	*US$*
Wages and salaries	**184,198**	184,424
Pension costs — defined contribution plan	**2,160**	1,934
	186,358	186,358

(a) Directors' and senior management's emoluments

The remuneration of each of the directors for the year ended 31 December 2014 and 2013 is set out below:

	2014	2013
	Directors' fee	Directors' fee
	HK$	*HK$*
Executive directors		
Mr. Lo Yuen Yat *(Chairman and chief executive officer)*	**89,040**	89,040
Ms. Lao Yuan Yuan	**89,040**	89,040
Non-executive directors		
Mr. Jiang Wei *(Note)*	**—**	89,040
Mr. Yeung Wai Kin	**143,640**	143,640
Mr. Zhao Yu Qiao	**89,040**	89,040
Independent non-executive directors		
Mr. Fan Jia Yan	**200,550**	200,550
Mr. Wu Ming Yu	**165,900**	165,900
Dr. David William Maguire	**111,300**	111,300
	888,510	977,550
Equivalent to US$	**114,590**	125,584

Note: Pursuant to the resolution passed by the Board on 30 January 2015, Mr. Jiang Wei, a non-executive director, who was vacated on the same date of the resolution of the Board, was terminated from the directorship for the reason that he absented himself from meetings of the Directors during a continuous period of six months, without special leave of absence from the Directors.

9. Employee benefit expenses (including directors' remuneration) *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2013: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2013: one) individual during the year are as follows:

	2014	2013
	US$	*US$*
Basic salaries, housing allowances, other allowances and benefits in kind	**69,608**	58,840
Pension costs — defined contribution plan	**2,160**	1,934
	71,768	60,774

The emoluments payable to this employee in 2014 and 2013 fell within the band of nil to HK$1,000,000.

10. Income tax expense/(credit)

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2014	2013
	US$	*US$*
Current tax		
— Hong Kong profits tax	**—**	—
— People's Republic of China ("PRC") corporate income tax	**925,152**	—
— Over-provision in respect of prior years	**—**	(1,458,599)
Income tax expense/(credit)	**925,152**	(1,458,599)

10. Income tax expense/(credit) *(Continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2014 US$	2013 US$
Profit before income tax	**10,650,869**	1,810,087
Less: Share of (profits)/losses of associates	**(1,902,131)**	752,393
	8,748,738	2,562,480
Calculated at applicable domestic profits tax rate of respective jurisdictions	**1,853,260**	422,809
Income not subject to tax	**(1,266,268)**	(401,936)
Expenses not deductible for tax purposes	**527,099**	264,869
Utilisation of previously unrecognised tax losses	**(188,939)**	(285,742)
Reversal of withholding tax in respect of prior years	**—**	(1,458,599)
Income tax expense/(credit)	**925,152**	(1,458,599)

The weighted average applicable tax rate was 21.20% (2013: 16.5%). The increase is caused by a change in the relative profitability of the group's subsidiaries in the respective jurisdictions.

11. Profit for the year attributable to equity holders of the Company

The profit for the year attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US$3,682,901 (2013: US$3,120,751).

12. Earnings per share

The calculation of basic and diluted earnings per share is calculated by dividing the Group's profit for the year attributable to equity holders of the Company of US$9,725,717 (2013: US$3,268,686). The basic earnings per share is based on the weighted average number of 76,758,160 (2013: 76,758,160) ordinary shares in issue during the year.

Diluted earnings per share during the year is the same as the basic earnings per share as the potential additional ordinary shares are anti-dilutive.

13. Investments in subsidiaries

	Company	
	2014	2013
	US$	*US$*
Unlisted shares, at cost *(Note c)*	**140,121**	140,151
Amounts due from subsidiaries *(Note a)*	**32,166,110**	33,017,721
Less: provision for impairment *(Note b)*	**(14,957,979)**	(14,957,979)
	17,208,131	18,059,742
	17,348,252	18,199,893

Movements in the provision for impairment of amounts due from subsidiaries are as follows:

	Company	
	2014	2013
	US$	*US$*
As at 1 January	**14,957,979**	14,957,979
Provision for impairment	**—**	—
As at 31 December	**14,957,979**	14,957,979

Notes:

(a) The amounts due from subsidiaries are unsecured, interest-free, quasi-equity in nature and denominated in the following currencies:

	2014	2013
	US$	*US$*
Renminbi	**17,198,141**	18,049,752
US Dollars	**14,967,969**	14,967,969
	32,166,110	33,017,721

(b) The amounts due from several subsidiaries were past due and were fully impaired in 2007, 2008 and 2012.

13. Investments in subsidiaries *(Continued)*

(c) The following is a list of principal subsidiaries held directly by the Company at 31 December 2014:

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held 2014	Interest held 2013
Global Lead Technology Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Global Record Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Promise Keep Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Runway Wish Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Shining Avenue Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Winner Strength Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Zhong Guan Business Consultancy (Shanghai) Co. Ltd.	People's Republic of China	Investment holding	Registered and paid up capital of US$140,000	**100%**	100%

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Several subsidiaries not being listed as above had been deregistered during 2014, resulting in write-off of US$30 from the investments in subsidiaries.

Note: The subsidiaries operate principally in their places of incorporation. The kind of legal entity of all subsidiaries are limited liability company.

14. Investments in associates

	Group	
	2014	2013
	US$	*US$*
As at 1 January	**68,822,982**	67,895,614
Increase in investments in associates	**—**	263,870
Disposal of interest in an associate	**(1,677,182)**	—
Deemed disposal of interest in an associate	**(72,835)**	—
Share of profits/(losses) of associates	**1,902,131**	(752,393)
Share of post-acquisition reserves of associates	**6,471,442**	1,144,609
Exchange differences	**(203,959)**	271,282
As at 31 December	**75,242,579**	68,822,982
Provision for impairment of investment in an associate	**(2,900,776)**	(2,900,776)
	72,341,803	65,922,206

	Company	
	2014	2013
	US$	*US$*
Shares listed in Hong Kong, at cost	**13,770,330**	13,770,330
Unlisted investments, at cost	**4,585,627**	4,585,627
	18,355,957	18,355,957
Provision for impairment	**(4,498,931)**	(3,636,403)
	13,857,026	14,719,554

As at 31 December 2014, provision for impairment of investment in an associate of US$2,900,776 (2013: US$2,900,776) was made by the Group after taking into account of the associate's business developments, financial positions and other factors.

14. Investments in associates *(Continued)*

(a) Set out below are the associates of the Group as at 31 December 2014:

Name	Particulars of issued share capital	Place of business/ incorporation	Principal activities	Interest held 2014	2013
First Shanghai Investments Limited ("FSIL") *(note i)*	Ordinary shares of 1,400,633,012 of HK$0.2 each	Hong Kong	Investment holding	**17.683%**	17.705%
Hong Kong Strong Profit Limited ("HKSP")	Ordinary shares of 4,900 of HK$1 each	Hong Kong	Dormant	**49%**	49%
Shanghai International Medical Center Company Limited ("SIMC")	Registered and paid up capital of RMB250,000,000	People's Republic of China	Provision of medical service	**20%**[1]	25%[1]
Goldeneye Interactive Limited ("Goldeneye") *(note ii)*	22,448,980 Ordinary shares of US$0.001 each; 8,163,265 Series A Preferred shares of US$0.001 each; and 12,185,511 Series B Preferred shares of US$0.001 each	Cayman Islands	Provision of online real estate information	**22.37%**	22.37%
Shanghai Moxing Environmental Science and Technology Co Ltd ("SMECT")	Registered and paid up capital of RMB896,510	People's Republic of China	Provision of waste oil recycling	**29.86%**[1]	29.86%[1]

1 Held indirectly by the Company

Notes:

(i) FSIL is a company listed on The Stock Exchange of Hong Kong Limited with total number of 1,400,663,012 issued shares (2013: 1,398,913,012). Notwithstanding interest in FSIL is less than 20%, which represented 247,675,500 shares held as at 31 December 2014 and 2013, FSIL is considered as an associate of the Company because there are two common directors on the board of FSIL who can exercise significant influence over FSIL's operations and management decisions. As at 31 December 2014, the market value of the Group's interest in FSIL was approximately US$53,642,000 (2013: US$21,718,000).

(ii) The Group holds 9,574,330 Series B Preferred shares of US$0.001 each in the company, representing a 22.37% equity interest of the company.

14. Investments in associates *(Continued)*

(b) Set out below are the summarised financial information for FSIL and SIMC which are accounted for using the equity method:

Summarised balance sheet

	FSIL		SIMC	
	2014	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$'000*
Current assets	**527,379**	414,268	**3,991**	2,088
Current liabilities	**(326,141)**	(233,932)	**(56,903)**	(17,309)
Non-current assets	**266,874**	223,575	**155,336**	107,246
Non-current liabilities	**(44,620)**	(49,605)	**(79,099)**	(56,829)

Summarised statement of comprehensive income

	FSIL		SIMC	
	2014	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$'000*
Revenue	**64,676**	59,265	**2,791**	—
Profit/(loss) after tax	**26,476**	5,398	**(11,097)**	(5,304)
Other comprehensive income	**43,925**	10,927	**—**	—
Total comprehensive income/(loss)	**70,401**	16,325	**(11,097)**	(5,304)
Dividends received from associates	**—**	—	**—**	—

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those associates) adjusted for difference in accounting policies between the Group and the associates.

(c) Reconciliation of the summarised financial information presented to the carrying amount of its investments in associates:

	FSIL		SIMC	
	2014	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$'000*
Opening net assets as at 1 January	**354,306**	338,099	**35,196**	39,555
Profit/(loss) for the year	**26,476**	5,398	**(11,097)**	(5,304)
Other comprehensive income	**43,925**	10,927	**—**	—
Transactions with owner	**(1,112)**	—	**—**	—
Exchange difference	**(103)**	(118)	**(774)**	945
Closing net assets as at 31 December	**423,492**	354,306	**23,325**	35,196
Interest in associates	**74,886**	62,730	**4,665**	8,799
Effect of cross holding	**(8,005)**	(6,391)	**—**	—
Goodwill	**—**	—	**34**	44
Others	**46**	(123)	**—**	—
Carrying amount	**66,927**	56,216	**4,699**	8,843

As at 31 December 2014, the aggregate carrying amount of interests in individually immaterial associates that are accounted for using the equity method was US$715,000 (2013: US$863,000).

During the year ended 31 December 2014, the Group did not have any unrecognised share of losses of associates (2013: nil). As at 31 December 2014, the accumulated share of losses of the associates unrecognised by the Group was nil (2013: nil).

15. Available-for-sale financial assets

	Group and Company	
	2014	2013
	US$	*US$*
As at 1 January	**57,634,496**	49,713,074
Additions	**2,578,383**	49,215
Disposals	**(6,595,432)**	(2,539,397)
Fair value change transfer to other comprehensive income	**28,476,879**	10,411,604
Provision for impairment loss recognised in the consolidated income statement	**(491,425)**	—
Release of investment revaluation reserve upon impairment	**(894,008)**	—
As at 31 December	**80,708,893**	57,634,496

Available-for-sale financial assets include the following:

	Group and Company	
	2014	2013
	US$	*US$*
Listed equity securities		
— Canada	**1,436**	6,261
— Mainland China	**66,763,395**	46,814,408
— Hong Kong	**7,559,183**	5,834,045
Unlisted investment funds	**6,384,879**	4,979,782
	80,708,893	57,634,496
Market value of listed securities	**74,324,014**	52,654,714

Available-for-sale financial assets are denominated in the following currencies:

	Group and Company	
	2014	2013
	US$	*US$*
Canadian dollars	**1,436**	6,261
HK dollars	**10,808,017**	6,292,349
Renminbi	**69,899,440**	51,335,886
	80,708,893	57,634,496

15. Available-for-sale financial assets *(Continued)*

At 31 December 2014 and 2013, the carrying amount of interest in the following company exceeded 10% of total assets of the Company and the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held directly 2014	Interest held directly 2013
Shandong Lukang Pharmaceutical Co., Ltd. ("Lukang")	People's Republic of China	Manufacture and sale of pharmaceutical products	581,575,500 foreign legal person shares *(Note #)*	**9.01%**	9.98%

Note #: As at 31 December 2014, the Group and the Company held 52,415,166 (2013: 58,049,866) shares. All of them were floating shares, of which disposal were not restricted.

16. Loans receivable

Loans receivable are denominated in the following currencies:

	Group 2014 US$	Group 2013 US$	Company 2014 US$	Company 2013 US$
Independent third parties *(Note a)*:				
Renminbi	**6,915,518**	7,091,497	**6,915,518**	7,091,497
US dollars	**—**	350,000	**—**	350,000
	6,915,518	7,441,497	**6,915,518**	7,441,497
An associate — SIMC *(Note b)*:				
Renminbi — unsecured	**3,216,520**	4,122,963	**—**	—
Renminbi — secured	**4,824,780**	—	**—**	—
Loans receivable — gross	**14,956,818**	11,564,460	**6,915,518**	7,441,497
Provision for impairment	**(6,915,518)**	(7,441,497)	**(6,915,518)**	(7,441,497)
Loans receivable — net	**8,041,300**	4,122,963	**—**	—

The carrying amounts of loans receivable approximate their fair values as at 31 December 2014. The maximum exposure to credit risk at the reporting date is the carrying amounts of the loans receivable.

Notes:

(a) The loans receivable from independent third parties were secured by certain assets of the borrowers as stipulated in the respective loan agreements. As at 31 December 2014 and 2013, the loans receivable from independent third parties were all past due and fully impaired.

16. Loans receivable *(Continued)*

(b) As at 31 December 2014, the loans receivable from SIMC have been past due and became repayable on demand, and have been non-interest bearing. As at 31 December 2014, loan receivable from SIMC amounted to US$4,824,780 (2013: nil) was guaranteed by an independent third party, which is also a shareholder of SIMC.

As at 31 December 2014 and 2013, the ageing analysis of the loans receivable is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
Current	**—**	—	**—**	—
Past due within 1 year	**4,824,780**	4,472,963	**—**	350,000
Past due over 1 year	**10,132,038**	7,091,497	**6,915,518**	7,091,497
	14,956,818	11,564,460	**6,915,518**	7,441,497

As of 31 December 2014, loans receivable of US$6,915,518 (2013: US$7,441,497) were fully impaired. It is assessed that the loans receivable are not expected to be recovered.

Movements in the provision for impairment of loans receivable are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
As at 1 January	**7,441,497**	6,898,211	**7,441,497**	6,898,211
(Reversal of provision)/ provision for impairment	**(350,000)**	350,000	**(350,000)**	350,000
Exchange difference	**(175,979)**	193,286	**(175,979)**	193,286
As at 31 December	**6,915,518**	7,441,497	**6,915,518**	7,441,497

The charge and release of provision for impairment of loans receivable have been included in 'other gains — net' and in the consolidated income statement (Note 7).

17. Other receivables, prepayments and deposits

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
Other receivables				
Interest receivables	**2,393,800**	2,397,332	**2,281,668**	2,293,488
Others	**2,578,973**	2,642,199	**4,243**	3,503
	4,972,773	5,039,531	**2,285,911**	2,296,991
Prepayments and deposits	**25,598**	25,436	**25,598**	25,436
	4,998,371	5,064,967	**2,311,509**	2,322,427
Provision of impairment of other receivables	**(4,792,243)**	(4,883,519)	**(2,218,365)**	(2,244,823)
	206,128	181,448	**93,144**	77,604

Other receivables, prepayments and deposits are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
Renminbi	**4,968,530**	5,009,320	**2,281,668**	2,267,030
HK dollars	**29,841**	29,189	**29,841**	28,939
US dollars	**—**	26,458	**—**	26,458
	4,998,371	5,064,967	**2,311,509**	2,322,427

Movements in the provision for impairment of other receivables are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
As at 1 January	**4,883,519**	4,724,677	**2,244,823**	2,157,901
Provision for impairment	**—**	26,458	**—**	26,458
Written-off	**(26,458)**	—	**(26,458)**	—
Exchange difference	**(64,818)**	132,384	**—**	60,464
As at 31 December	**4,792,243**	4,883,519	**2,218,365**	2,244,823

As at 31 December 2014 and 2013, substantially all of the other receivables were past due and impaired. Provision for impairment of other receivables of US$4,792,243 (2013: US$4,883,519) and US$2,218,365 (2013: US$2,244,823) was made by the Group and the Company, respectively, after taking into account of the debtors' business developments, financial positions and other factors.

The charge and release of provision for impairment of other receivables have been included in 'other gains — net' in the consolidated income statement (Note 7).

18. Financial assets at fair value through profit or loss

	Group and Company	
	2014	2013
	US$	*US$*
Listed equity securities held for trading:		
— Hong Kong	**5,254,886**	4,152,522
Unlisted equity securities	**1,749,762**	1,749,762
	7,004,648	5,902,284
Market value of listed equity securities	**5,254,886**	4,152,522

Changes in fair values of these financial assets are recorded in 'other gains — net' in the consolidated income statement (Note 7).

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the consolidated statement of cash flows (Note 23).

The fair value of listed equity securities is based on their current bid prices in an active market.

19. Cash and cash equivalents and short-term bank deposits

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
Cash at bank and on hand	**2,066,490**	5,665,871	**1,281,877**	5,048,642
Short-term bank deposits with initial terms of less than three months	**24,158,922**	19,516,001	**14,617,914**	11,442,385
	26,225,412	25,181,872	**15,899,791**	16,491,027
Short-term bank deposits with initial terms of over three months	**4,144,215**	—	**4,144,215**	—
	30,369,627	25,181,872	**20,044,006**	16,491,027
Maximum exposure to credit risk	**30,369,541**	25,181,352	**20,044,006**	16,491,027

The effective interest rates on short-term bank deposits of the Group and the Company were as follows:

	Group		Company	
	2014	2013	**2014**	2013
Short-term bank deposits	**0.50%-3.05%**	0.08%-3.05%	**0.50%-3.05%**	0.08%-3.05%

19. Cash and cash equivalents and short-term bank deposits *(Continued)*

The carrying amounts of cash and cash equivalents and short-term bank deposits are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
US dollars	**2,632,998**	3,860,338	**2,480,206**	3,695,520
HK dollars	**834,802**	3,678,037	**834,802**	3,678,037
Renminbi	**26,901,827**	17,643,497	**16,728,998**	9,117,470
	30,369,627	25,181,872	**20,044,006**	16,491,027

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2014, the Group and the Company held Renminbi denominated cash and bank balances totalling US$26,902,000 and US$16,729,000 respectively for which approximately US$26,902,000 and US$16,729,000 respectively were kept in Mainland China, the conversion and remittance of which are subject to these rules and regulations.

20. Share capital

	2014		2013	
	Number of shares	***US$***	Number of shares	*US$*
Authorised: *(Note a)*				
Ordinary shares of US$0.10 each *(Note b)*	—	—	160,000,000	16,000,000
Issued and fully paid:				
At 1 January	**76,758,160**	**7,675,816**	76,758,160	7,675,816
Transition to no-par value regime on 3 March 2014 *(Note c)*	—	**69,107,882**	—	—
At 31 December	**76,758,160**	**76,783,698**	76,758,160	7,675,816

Notes:

(a) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

20. Share capital *(Continued)*

Share options

Share options were granted to certain directors of the Company and employees of CAIML as incentives and rewards for their contributions to the Group. Each share option entitles the holder to subscribe for one share in the capital of the Company at an exercise price of either HK$2.65 or HK$5.74 per share, and is exercisable at any time from 25 May 2004 to 23 May 2014 or from 25 April 2007 to 24 April 2017 respectively.

A new share option scheme ("New Share Option Scheme") has been approved by an ordinary resolution passed on 23 May 2014 and adopted by the Company on 26 May 2014. The Board of Directors is authorised to implement the New Share Option Scheme in accordance with the rules stated to grant options and to issue and allot shares of the Company pursuant thereto.

Details of the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK$ per Share	No. of options (thousands)
As at 1 and 31 December 2013	4.97	6,225
As at 1 January 2014	4.97	6,225
Options lapsed	3.00	(1,750)
As at 31 December 2014	5.74	4,475

During the years ended 31 December 2014 and 2013, no share option was granted and exercised.

21. Reserves

Group

	Share premium US$	Capital reserve (Note) US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
Balance as at 1 January 2013	69,107,882	8,027,869	2,942,187	1,573,881	17,733,406	34,448,433	133,833,658
Comprehensive income							
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	3,268,686	3,268,686
Other comprehensive income/(loss)							
Share of post-acquisition reserves of associates	—	1,144,609	—	—	—	—	1,144,609
Exchange differences arising on translation of associates and subsidiaries	—	—	604,726	—	—	—	604,726
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	—	—	—	(1,451,021)	—	(1,451,021)
Fair value gains of available-for-sale financial assets — gross	—	—	—	—	10,411,604	—	10,411,604
Deferred income tax on fair value loss an of available-for-sale financial asset	—	—	—	—	15,582	—	15,582
Over provision of deferred income tax on fair value gain of an available-for-sale financial asset in prior years	—	—	—	—	2,803,577	—	2,803,577
Total other comprehensive income for the year, net of tax	—	1,144,609	604,726	—	11,779,742	—	13,529,077
Total comprehensive income for the year	—	1,144,609	604,726	—	11,779,742	3,268,686	16,797,763
Balance as at 31 December 2013	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	150,631,421

21. Reserves *(Continued)*

Group *(Continued)*

	Share premium US$	Capital reserve (Note) US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
Balance as at 1 January 2014	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	150,631,421
Comprehensive income							
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	9,725,717	9,725,717
Other comprehensive income/(loss)							
Share of post-acquisition reserves of associates	—	6,471,442	—	—	—	—	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	—	(14,205)	—	—	—	—	(14,205)
Exchange differences arising on translation of associates and subsidiaries	—	—	(761,795)	—	—	—	(761,795)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	—	—	—	(4,773,110)	—	(4,773,110)
Fair value gains of available-for-sale financial assets — gross	—	—	—	—	28,476,879	—	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset — gross	—	—	—	—	(894,008)	—	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	—	—	—	—	89,401	—	89,401
Total other comprehensive income/(loss) for the year, net of tax	—	6,457,237	(761,795)	—	22,899,162	—	28,594,604
Total comprehensive income/(loss) for the year	—	6,457,237	(761,795)	—	22,899,162	9,725,717	38,320,321
Transfer of reserve upon lapse of share options	—	—	—	(67,332)	—	67,332	—
Transition to no-par value regime on 3 March 2014 *(Note 20)*	(69,107,882)	—	—	—	—	—	(69,107,882)
Balance as at 31 December 2014	—	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	119,843,860

Note: Capital reserve mainly includes share of post-acquisition reserves of associates.

21. Reserves *(Continued)*

Company

	Share premium US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Accumulated losses US$	Total US$
Balance as at 1 January 2013	69,107,882	1,573,881	27,758,500	(9,183,936)	89,256,327
Profit for the year	—	—	—	3,120,751	3,120,751
Other comprehensive income/(loss):					
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	—	(1,451,021)	—	(1,451,021)
Fair value gains of available-for-sale financial assets — gross	—	—	10,411,604	—	10,411,604
Deferred income tax on fair value loss of an available-for-sale financial asset	—	—	15,582	—	15,582
Over provision of deferred income tax on fair value gains of an available-for-sale financial asset in prior years	—	—	2,803,577	—	2,803,577
Others	—	—	—	492,905	492,905
Total comprehensive income for the year	—	—	11,779,742	3,613,656	15,393,398
Balance as at 31 December 2013	69,107,882	1,573,881	39,538,242	(5,570,280)	104,649,725
Balance as at 1 January 2014	**69,107,882**	**1,573,881**	**39,538,242**	**(5,570,280)**	**104,649,725**
Profit for the year	**—**	**—**	**—**	**3,682,901**	**3,682,901**
Other comprehensive income/(loss):					
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	**—**	**—**	**(5,746,211)**	**—**	**(5,746,211)**
Fair value gains of available-for-sale financial assets — gross	**—**	**—**	**28,476,879**	**—**	**28,476,879**
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset — gross	**—**	**—**	**(894,008)**	**—**	**(894,008)**
Release of deferred income tax upon impairment of an available-for-sale financial asset	**—**	**—**	**89,401**	**—**	**89,401**
Total comprehensive income for the year	**—**	**—**	**21,926,061**	**3,682,901**	**25,608,962**
Transfer of reserve upon lapse of share options	**—**	**(67,332)**	**—**	**67,332**	**—**
Transition to no-par value regime on 3 March 2014 *(Note 20)*	**(69,107,882)**	**—**	**—**	**—**	**(69,107,882)**
Balance as at 31 December 2014	**—**	**1,506,549**	**61,464,303**	**(1,820,047)**	**61,150,805**

22. Deferred income tax liabilities

The gross movement in the deferred income tax liabilities are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
As at 1 January	**89,401**	2,908,560	**89,401**	2,908,560
Credited to investment revaluation reserve	**(89,401)**	(15,582)	**(89,401)**	(15,582)
Over provision of deferred income tax on fair value gain of an available-for-sale financial asset in prior years	**—**	(2,803,577)	**—**	(2,803,577)
As at 31 December	**—**	89,401	**—**	89,401

Deferred income tax liabilities represent capital gain tax on unrealised fair value gains on an available-for-sale financial asset.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately US$710,000 (2013: US$899,000) in respect of losses amounting to approximately US$4,301,000 (2013: US$5,146,000) that can be carried forward against future taxable income.

Deferred income tax liabilities of US$39,000 (2013: US$33,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of a subsidiary in the PRC. Such temporary differences are not expected to be reversed in the foreseeable future. At 31 December 2014, total unremitted earnings amounted to US$786,000 (2013: US$664,000).

23. Cash used in operations

	2014 US$	2013 US$
Profit before income tax	**10,650,869**	1,810,087
Adjustments for:		
Share of (profits)/losses of associates	**(1,902,131)**	752,393
Bank interest income	**(606,992)**	(345,975)
Loan interest income	**—**	(171,945)
Dividend income from listed investments	**(255,423)**	(229,778)
Net gains on disposals of available-for-sale financial assets	**(5,993,281)**	(1,434,997)
Net gains on disposals of financial assets at fair value through profit or loss	**(34,069)**	(3,091,843)
(Reversal of provision)/provision for impairment of loan receivable	**(350,000)**	350,000
Net fair value gains of financial assets at fair value through profit or loss	**(316,433)**	(197,128)
Net gains on disposals of interest in an associate	**(4,541,206)**	—
Net loss on deemed disposal of interest in an associate	**58,630**	—
Provision for impairment loss on an available-for-sales financial asset	**491,425**	—
Changes in working capital:		
Other receivables, prepayments and deposits	**(24,680)**	(55,315)
Other payables and accrued expenses	**409,994**	(163,514)
Amounts due to related companies	**(3,975)**	(5,661)
Cash used in operations	**(2,417,272)**	(2,783,676)

24. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	Group and Company	
	2014 US$	2013 US$
Available-for-sale financial asset	**—**	940,036

The Group and Company's share of capital commitments of an associate not included in the above are as follows:

	2014 US$	2013 US$
Contracted but not provided for	**9,468,676**	10,756,342
Authorised but not contracted	**18,082,012**	18,358,053

25. Related party transactions

(a) Transactions with related parties

	2014	2013
	US$	*US$*
Management fee paid/payable to:		
CAIML *(Note 5)*	**1,574,992**	1,654,345

Note: The Company has appointed CAIML as the investment manager for all investments. Mr. Lo Yuen Yat, the Chairman and an executive director of the Company, is a director of CAIML. Mr. Yeung Wai Kin, a non-executive director of the Company, is a shareholder of CAIML. Mr. Zhao Yu Qiao, a non-executive director of the Company, is an indirect shareholder of CAIML.

(b) Key management compensation

	2014	2013
	US$	*US$*
Salaries and other short-term employee benefits	**195,677**	184,424
Pension costs — defined contribution plan	**2,160**	1,934
	197,837	186,358

(c) The amounts due to subsidiaries and related companies are denominated in United States dollars, unsecured, interest-free and repayable on demand.

	Group		**Company**	
	2014	2013	**2014**	2013
	US$	*US$*	***US$***	*US$*
Amount due to an associate	**397,974**	296,658	**397,974**	296,658
Amount due to a related company *(Note)*	**9,968**	9,718	**9,968**	9,718
Amounts due to related companies	**407,942**	306,376	**407,942**	306,376
Amounts due to subsidiaries	**—**	—	**62,080**	62,110
Amounts due to subsidiaries and related companies	**407,942**	306,376	**470,022**	368,486
Loan receivable from an associate *(Note 16)*	**8,041,300**	4,122,963	**—**	—

Note: The amount due to a related company represents management fee payable to CAIML.

Five Year Financial Summary

	2014	2013	2012	2011	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Consolidated income statement					
Income	**862**	748	845	2,421	1,512
Profit/(loss) for the year attributable to equity holders of the Company	**9,726**	3,269	(20,815)	(1,830)	4,098
Consolidated balance sheet					
Investments in associates	**72,342**	65,922	64,995	66,859	57,948
Available-for-sale financial assets	**80,709**	57,634	49,713	66,115	100,113
Other non-current assets	**—**	—	—	—	—
Current assets	**45,692**	35,459	31,864	41,652	48,448
	198,743	159,015	146,572	174,626	206,509
Current liabilities	**(2,115)**	(619)	(2,154)	(2,037)	(2,126)
Deferred income tax liabilities	**—**	(89)	(2,909)	(3,998)	(6,938)
	196,628	158,307	141,509	168,591	197,445
Financed by:					
Share capital	**76,784**	7,676	7,676	7,676	7,656
Reserves	**119,844**	150,631	133,833	160,915	189,789
	196,628	158,307	141,509	168,591	197,445