



CIAM Group Limited
事安集團有限公司

HKSE 0378

GREEN &
GROWTH

The title is framed by several horizontal lines. A thin green line is above 'GREEN &'. A thin white line is below 'GREEN &'. A thick orange line is below '&'. A thin green line is below 'GROWTH'. A thin white line is below 'GROWTH'. The background features a close-up of green bamboo stalks with leaves, set against a light blue sky.

ANNUAL REPORT 2014



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Corporate Information

Board of Directors

Dou Jianzhong (*Chairman*)

Cao Zhong

(*Executive Vice-chairman*)

(appointed on 9 March 2015)

Lo Wing Yat

(*Executive Vice-chairman
and Chief Executive Officer*)

Jaime Che*

(appointed on 9 March 2015)

Miao Zhenguo**

(appointed on 9 March 2015)

Hung Chi Yuen Andrew***

Sit Fung Shuen Victor***

Toh Hock Ghim***

* Executive Director

** Non-executive Director

*** Independent Non-executive Director

Audit Committee

Hung Chi Yuen Andrew (*Chairman*)

Sit Fung Shuen Victor

Toh Hock Ghim

Nomination and Remuneration Committee

Toh Hock Ghim (*Chairman*)

Dou Jianzhong

Hung Chi Yuen Andrew

Sit Fung Shuen Victor

Company Secretary

Fung Sam Ming

(appointed on 1 April 2015)

Auditors

KPMG

Registered Office

Canon's Court, 22 Victoria Street,

Hamilton HM 12, Bermuda

Principal Place of Business in Hong Kong

Rooms 3001-3005, 30/F., China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong

Principal Share Registrar in Bermuda

MUFG Fund Services (Bermuda) Limited
The Belvedere Building, 69 Pitts Bay Road,
Pembroke HM08, Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre,
183 Queen's Road East, Wan Chai, Hong Kong

Stock Code

378

Website

www.ciamgroup.com



Board of Directors

Dou Jianzhong

Chairman

- Has extensive experience in the banking and finance industry, and was granted the prestigious title of “Senior Economist” by CITIC Group Corporation
- Aged 60. Appointed as Director and elected as the Chairman on 31 May 2008, and also a member of the Nomination and Remuneration Committee of the Company
- Executive Director of CITIC Group Corporation
- Executive Director and Vice President of CITIC Limited, shares of which are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”)
- Executive Director and Vice President of CITIC Corporation Limited (formerly known as “CITIC Limited”)
- Chairman of CITIC Holdings Limited
- Non-executive Director of China CITIC Bank Corporation Limited, shares of which are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange
- Chairman and Chief Executive Officer of CITIC International Financial Holdings Limited
- Director of CITIC International Assets Management Limited and CITIC Capital Holdings Limited
- Former Chairman and then Vice Chairman of CITIC Prudential Life Insurance Co., Ltd.
- Former Chairman of CITIC Bank International Limited (now known as “China CITIC Bank International Limited”)
- Graduated from the University of International Business and Economics, Beijing in 1979 and obtained a Master’s Degree in Economics from Liao Ning University

Cao Zhong

Executive Vice-chairman

- Aged 55. Appointed as the Company's Executive Director and elected as the Executive Vice-chairman on 9 March 2015
- Chairman, Executive Director and Chief Executive Officer of FDG Electric Vehicles Limited ("FDG", formerly known as "Sinopoly Battery Limited", the controlling shareholder of the Company) and Executive Director and Chairman of China Resources and Transportation Group Limited (both being companies whose shares are listed on the Hong Kong Stock Exchange)
- Previously a Non-executive Director and Vice Chairman of Shougang Concord International Enterprises Company Limited, a company whose shares are listed on the Hong Kong Stock Exchange, from May 2010 to December 2012 and a Non-executive Director of Mount Gibson Iron Limited, a company whose shares are listed on the Australian Securities Exchange, from December 2008 to February 2012
- Served in various institutions since 1988, including the National Development and Reform Commission of the People's Republic of China (the "PRC"), Guangdong Province Huizhou Municipal People's Government, Beijing International Trust and Investment Company Limited, Shougang Corporation and the Development Research Centre of the State Council of the PRC
- Graduated from Zhejiang University and the Graduate School of the Chinese Academy of Social Sciences with a bachelor degree in engineering and a master degree in economics, respectively
- The brother-in-law of Mr. Miao Zhenguo

Lo Wing Yat

Executive Vice-chairman and Chief Executive Officer

- Has a well-seasoned legal background which specialized in banking and project financing primarily in the PRC
- Aged 56. Appointed as the Company's Executive Director on 23 April 2008, and also designated as the Executive Vice-chairman and Chief Executive Officer on 31 May 2008
- Director and Chief Executive Officer of CITIC International Assets Management Limited
- Director and Managing Director of CITIC International Financial Holdings Limited
- Executive Director of FDG and an Independent Non-executive Director of China Traditional Chinese Medicine Co. Limited (formerly known as "Winteam Pharmaceutical Group Limited"), both being companies whose shares are listed on the Hong Kong Stock Exchange
- Worked in the Bank of China Hongkong-Macau Regional Office as an in-house Counsel and was a partner of Messrs Linklaters
- Graduated from The University of Hong Kong with a Bachelor's Degree in Laws and obtained his legal qualification in 1984 as a Solicitor of the Supreme Court of Hong Kong and subsequently, as a Solicitor of the Supreme Court of England and Wales in 1989

Jaime Che

Executive Director

- Has extensive experience in investor relations and corporate finance
- Aged 34. Appointed as the Company's Executive Director on 9 March 2015
- Executive Director and Vice President of FDG, responsible for strategic planning, investor relationship, corporate transaction and corporate finance work
- Previously worked as the Assistant to Managing Director/Investor Relations Manager of Shougang Fushan Resources Group Limited from November 2009 to June 2010, and was the Investment & Corporate Manager of APAC Resources Limited from June 2007 to October 2009 (both being companies whose shares are listed on the Hong Kong Stock Exchange)
- Studied commerce at the University of New South Wales

Miao Zhenguo

Non-executive Director

- Has over 10 years of experience in project management, sales and marketing and product development
- Aged 55. Appointed as the Company's Non-executive Director on 9 March 2015
- Deputy Chairman and Executive Director of FDG
- Appointed as the Chief Operating Officer of FDG from May 2010 to March 2011 and the Chief Executive Officer of FDG from August 2010 to May 2014
- Graduated from Zhejiang University with a Bachelor of Chemical Engineering degree
- The brother-in-law of Mr. Cao Zhong

Hung Chi Yuen Andrew

Independent Non-executive Director

- Practising Certified Public Accountant, an associate member of Hong Kong Institute of Certified Public Accountants, a fellow member of The Chartered Association of Certified Accountants
- Aged 46. Appointed as the Company's Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee on 1 July 2008
- Currently the director of Norton Rowland CPA Limited
- Independent Non-executive Director of AKM Industrial Company Limited (whose shares are listed on the Hong Kong Stock Exchange)
- Previously worked in UBS Investment Bank for 7 years as business unit controller
- Received his professional training in Deloitte Touche Tohmatsu during the period from 1991 to 1993
- Holds a Bachelor's Degree of Arts (Hons) in Accountancy from The Hong Kong Polytechnic University and a Master's Degree in Applied Finance from University of Western Sydney

Sit Fung Shuen Victor

Independent Non-executive Director

- Aged 68. Appointed as the Company's Independent Non-executive Director, a member of the Audit Committee and a member of the Nomination and Remuneration Committee on 1 July 2008
- Independent Non-executive Director of Asia Energy Logistics Group Limited, whose shares are listed on the Hong Kong Stock Exchange
- Professor of the Department of Geography from 1977 to 2007 and the Head of Department of Geography and Geology from 1993 to 1998 of The University of Hong Kong
- Founding Director of the Advanced Institute for Contemporary China Studies of Hong Kong Baptist University from 2008 to 2013
- The Honorary Professor of a number of renowned universities including Peking University, Zhongshan University, Jinan University and Xian Jiaotong University in the PRC
- Professional and community services:
 - Advisor to City Planning Commission of Shenzhen Municipal Government of the PRC (since 1988)
 - Advisor to City Planning Commission of Sanmin Municipal Government of Fujian Province of the PRC (since 1991)
 - Deputy of the National People's Congress of the PRC (1993-2008)
 - Advisor to the Governor of Guangdong Province of the PRC (2000-2005)
 - Former Member of the Preparatory Committee of the Hong Kong Special Administrative Region ("SAR") of the National People's Congress of the PRC; Port and Marine Board, Committee on Port and Harbour Development, the Port Development Board of the Hong Kong SAR Government

Toh Hock Ghim

Independent Non-executive Director

- Aged 72. Appointed as the Company's Independent Non-executive Director, the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee on 1 July 2008
- Joined the Ministry of Foreign Affairs of Singapore in October 1966 with diplomatic postings to Malaysia, the Philippines, Thailand, Vietnam and the Hong Kong SAR and Macau SAR
- Singapore Ambassador to Vietnam from January 1994 to January 2002 and the Consul-General of the Consulate Generals in the Hong Kong SAR and the Macau SAR from February 2002 to December 2007
- Appointed as the Senior Advisor to the Ministry of Foreign Affairs of Singapore upon retirement from the foreign service at the end of 2007
- Chairman, Non-executive and Independent Director of Equation Summit Limited (formerly known as "Equation Corp Limited"), Independent Director of CEFC International Limited and Lifebrandz Ltd., those being companies whose shares are listed on the Singapore Exchange Securities Trading Limited
- Obtained his Bachelor's Degree of Arts (Political Science) from National University of Singapore

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, the changes in information of Directors of the Company subsequent to the date of the 2014 Interim Report of the Company are set out below:

Name of Directors	Details of Changes
Dou Jianzhong	Appointed as Executive Director and Vice President of CITIC Limited, shares of which are listed on the Hong Kong Stock Exchange, on 26 September 2014
Lo Wing Yat	Appointed as an Independent Non-executive Director of China Traditional Chinese Medicine Co. Limited, shares of which are listed on the Hong Kong Stock Exchange, on 27 January 2015
Hung Chi Yuen Andrew	Ceased to be a member of the Conflict Committee of the Company following the committee's dissolution on 1 April 2015
Sit Fung Shuen Victor	Ceased to be the Chairman of the Conflict Committee of the Company following the committee's dissolution on 1 April 2015
Toh Hock Ghim	Appointed as an Independent Director of Lifebrandz Ltd., shares of which are listed on the Singapore Exchange Securities Trading Limited, on 27 January 2015 Ceased to be a member of the Conflict Committee of the Company following the committee's dissolution on 1 April 2015



Chairman's Statement

On behalf of the Board of Directors and the Management, I would like to present to the shareholders the annual report with the final results and the audited financial statements of CIAM Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

The global economic recovery was still struggling to gain momentum with lingering uncertainties during the reporting period. Market uncertainties were increasing as China's economy gradually entered the "New Normal". The only possible thing was that in order to achieve the Twelfth Five-Year Plan targets, China would strive hard in the industrial structural reforms. Participation in the energy conservation and environmental protection industries have drawn increasing attention and importance. This leads to ample new opportunities in new energy and new materials industries.

To cope with the new situation, the Group had been devising and deploying initiatives to consolidate its businesses in a more rational manner in order to maximize its overall benefits. In February 2015, the Group disposed its 41.5% equity interests in Agnita Limited ("Agnita"), a capital intensive new energy electric vehicle project, to FDG Electric Vehicles Limited (729.HK, "FDG") so as to enhance the financing attractiveness of the Agnita project and achieve vertical integration with the electric vehicle business of FDG with a view to staying abreast of the industrial development. During the course of the transaction, shareholders were provided with the option to exchange for the convertible bonds issued by FDG, allowing shareholders to benefit from the synergies of combining Agnita and FDG's business.

In the forthcoming year, the Group will maintain close communication with FDG to identify suitable investment opportunities in the related industries and create higher corporate value for the shareholders with an optimal resource allocation portfolio.

Dou Jianzhong

Chairman

Management Discussion and Analysis

In 2014, CIAM Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) continue the investment focus in “Green Industries”.

Challenging economic environment with continued commitment to fight pollution

The global economy experienced a turbulent year in 2014 with major economies adopting various policies to counter slow growth and the risk of deflation. The People’s Republic of China (the “PRC”) is adapting to the “new normal” and undergoing structural transition in its economic mix. It is gradually switching from a high economic growth to a moderate to high but more sustainable economic growth.

At the same time, the PRC maintains the fight against pollution to the environment and has committed to reducing carbon intensity by 3.1% through numerous measures, including increasing subsidies for energy conservation and emission reduction work, promotion of clean energy sources and tougher enforcement of the environmental protection legislation. By focusing to invest in green industries, the Group is well positioned to benefit from the favourable policies.

Investments in electric transportation industry

In late 2013, the Group acquired 41.5% equity interest in Agnita Limited (“Agnita”), a vehicle design company progressing into electric vehicles manufacturing. Agnita has since then been making progress as planned in the testing of new electric vehicles and in constructing manufacturing facilities in Hangzhou. The manufacturing of electric vehicles is capital intensive in nature and requires large amounts of capital expenditure at the construction stage. Since becoming a shareholder of Agnita, the Company has explored various ways to continue as a shareholder of Agnita and support its development. At the same time, FDG Electric Vehicles Limited (“FDG”, whose shares are listed on the Stock Exchange of Hong Kong Limited) became a majority shareholder in Agnita in March 2014.

After evaluating all available funding options for the project as a minority shareholder of Agnita, we reached an agreement with FDG to dispose the 41.5% equity interest in Agnita and assign the shareholder’s loan of HK\$150 million owed by Agnita to Preferred Market Limited, a wholly-owned subsidiary of FDG, and to cancel the call option granted by Preferred Market Limited to CIAM Investment (BVI) Limited, a wholly-owned subsidiary of the Company, in respect of 8.5% equity interest in Agnita (collectively the “Agnita Transaction”) at a consideration of HK\$520 million.

The consideration of HK\$520 million represents a premium to the original aggregate cost of approximately HK\$513.1 million, being the sum of the original acquisition cost of 41.5% equity interest in Agnita of HK\$363.1 million (by issuance of 290,500,000 shares of the Company at subscription price of HK\$1.25 per share) and the principal amount of the HK\$150 million shareholder's loan to Agnita. One of the conditions precedent of the Agnita Transaction is the voluntary conditional offer made by Sinopoly Strategic Investment Limited, a wholly-owned subsidiary of FDG, to acquire all the issued shares of the Company and to cancel all the outstanding share options of the Company in exchange for the convertible bonds issued by FDG which are convertible into new FDG share having becoming unconditional as to acceptances. It represents a practical solution to protect the shareholders' interest, following FDG becoming a shareholder of Agnita and the challenges in fundraising. At the same time, the disposal proceeds provide funding to the Group for future development and pursuit of investment opportunities, while the interest income generated from the secured bonds to be issued by FDG as part of the consideration provides a stable and reasonable return to the Group. As stated in the circular issued by the Company on 5 December 2014, the board of directors of the Company and the independent financial adviser appointed to advise on the Agnita Transaction were of the view that the terms of the Agnita Transaction were fair and reasonable and in the interest of the Company and its shareholders as a whole. The Agnita Transaction was completed in February 2015 and the Group received a cash consideration of HK\$150 million and 3-year secured bonds with principal amount of HK\$370 million issued by FDG with 8% coupon per annum. The Group recognised a book loss of approximately HK\$160 million upon completion of the Agnita Transaction. Such loss principally arose from the increase in share price of the Company to HK\$1.90 per share at completion of our initial acquisition of the 41.5% interest in Agnita in 2013, as compared to the subscription price of HK\$1.25 per share at the time of entering into the acquisition agreement.

The Group's another investment in electric transportation included its investment in 20% equity interest in 天津銘度科技有限公司 ("Tianjin MTEC"), a developer of electric bike driving units in the PRC. Tianjin MTEC is at the early development stage with stage one production line in place and indicative orders from customers. Tianjin MTEC strives to catch up with the original business development plan and may require additional funding from investors in the future. The Group is working together with its management to counter challenges along the way.

Investments in clean energy industry

The Group holds a 45% equity interest in 華能壽光風力發電有限公司 (“Huaneng Shouguang”), a wind power electricity developer and operator in the PRC. It generated electricity of 78 million kWh and revenue of approximately RMB45 million in 2014, which was slightly lower than that of 2013. As the wind resources and government subsidy remained low in 2014, the project did not contribute any profit to the Group for the year.

Regarding our investment in UPC Renewables China Holdings Limited (“UPC”), a wind farm operator in the PRC, UPC is exploring and evaluating options including financing and liquidating assets for redeeming the Series B preference shares held by investors including the Group.

Other Investment

Regarding the overdue loan with principal amount of RMB50 million (the “Loan”) extended to a mining company in Yunnan (the “Borrower”) in October 2010, while business conditions of the Borrower remains difficult, the Group continues to closely monitor repayment status and assess the credit risk.

The Loan has a carrying value of RMB63 million (equivalent to approximately HK\$79 million) as at 31 December 2014. The Group entered into a loan restructuring agreement with the Borrower in March 2014 whereby the Borrower shall repay not less than RMB10 million (equivalent to approximately HK\$12 million) by June 2014 and not less than RMB50 million (equivalent to approximately HK\$63 million) by end of 2014. As advised by the Borrower, the activist activities and severe weather condition in the region in 2014 adversely affected the mining operation of the Borrower. In addition, the commodity price remained low during the year, hence, the Borrower was unable to honor the repayment schedule under the loan restructuring agreement. However, a repayment of RMB1 million was received in early 2015 by the Group. We will continue to monitor the operations of the Borrower to expedite repayment. The management intends to review options to settle this Loan. Based on the latest valuation report issued by a qualified independent appraiser in December 2014, the fair value of the collateral, being the mining right of an iron ore, is RMB246 million (equivalent to approximately HK\$307 million). Taking into account the said fair value of the collateral, the latest business development of the Borrower, execution risk and the timing of recovery for different repayment or recovery options, management considered that there is no recoverability issue after performing impairment review. However, same as the prudence approach adopted in 2013, the interest accrued for the year ended 31 December 2014 amounted to RMB13 million (equivalent to approximately HK\$17 million) was fully impaired.

Since the draw down date of the Loan and up to the date of this report, the Group has received repayment of a total of RMB21 million, including RMB0.98 million recognized as repayment of the principal and the remaining amount recognized as interest and consultancy fee payments to the Group.

2014 Financial performance

For the year ended 31 December 2014, the Group's loss attributable to equity shareholders of the Company amounted to HK\$49 million (2013: HK\$22 million) and loss per share was HK\$0.0520 (2013: HK\$0.0452).

The loss attributable to equity shareholders of the Company was mainly due to the share of loss incurred by Agnita. In accordance with its business plan, revenue of Agnita in 2014 was minimal and limited only to design service of traditional vehicles. Significant overhead and research and development expenses were incurred for electric vehicles while production was yet to commence to generate revenue.

Out of the investment income of HK\$21 million, HK\$17 million was penalty interest accrued for the Loan as discussed in the previous section. The collateral value is well over the carrying amount of the Loan and the Group assessed and considered that there is no recoverability issue on the carrying value of the Loan. To be consistent with the prudent approach adopted in 2013, the Group fully provided an impairment on the HK\$17 million penalty interest accrued during the year.

Another entrusted loan extended to a property developer in Shaanxi was fully repaid in late 2013 and no new entrusted loan was arranged in 2014 contributing interest income of comparable amount.

During 2014, the Group's investments measured at fair value recorded a loss of HK\$1 million mainly due to realization of a treasury product, as compared to a gain of HK\$6 million in 2013 mainly due to divestment of listed securities.

During the year, the Group continued to leverage resources of CITIC International Assets Management Limited ("CIAM") according to the Inter-Companies Services and Cost Allocation Agreements entered on 30 December 2013 (the "Services Agreements"), and maintained overall operating expenses at a reasonably conscious level. The reduced administrative expenses compared with that of 2013 was also attributable to reduced staff cost in 2014.

Financial position

As at 31 December 2014, the Group's net assets attributable to equity shareholders of the Company amounted to HK\$1,288 million (31 December 2013: HK\$1,336 million). Net assets attributable to equity shareholders of the Company per share were HK\$1.37 (31 December 2013: HK\$1.43). The Group's total assets of HK\$1,304 million mainly consisted of equity investment in and a loan to Agnita of HK\$536 million and HK\$150 million respectively, and cash and cash equivalents of HK\$367 million. Funding for pipeline investments further increased after the Agnita Transaction was completed and proceeds of HK\$150 million was received in February 2015.

Use of cash and cash equivalents, including net proceeds of HK\$248 million from share subscription in 2013, is as follows:

	HK\$'million
Cash available as at 31 December 2013	400
New investments	(20)
Realisation of unlisted funds	18
Proceeds from share option holder upon exercise	3
General working capital	(34)
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Cash available as at 31 December 2014	367
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Proceeds from Agnita Transaction	150
General working capital	(3)
<hr/>	
Cash available as at 28 February 2015	514
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Currency and interest rate risk exposure

As at 31 December 2014, the Group had no material exposure to interest rate risk. Regarding the Group's investments denominated in and exposure to Renminbi, the management continues to closely monitor the fluctuation of Renminbi/HKD exchange rate to ensure appropriate and timely hedging action is taken when necessary.

Major disposal

As discussed in previous section and reference is made to the joint announcement issued by the Company and FDG dated 2 November 2014, the circular issued by the Company dated 5 December 2014 and the poll results announcement of the special general meeting of the Company dated 23 December 2014, the Group entered into a conditional sale and purchase agreement in relation to the Agnita Transaction at an aggregate consideration of HK\$520 million on 31 October 2014. The Agnita Transaction was completed in February 2015.

Contingent liabilities and pledge of assets

As at 31 December 2014, the Group had no contingent liabilities identified and no assets were pledged (31 December 2013: Nil).

Capital commitments

As at 31 December 2014, there was no contracted capital commitment outstanding for investments (31 December 2013: HK\$3 million).

Human resources

There were no material changes on human resources structure and compensation approach during 2014. During the year, the Group leveraged the human resources of CIAM on mid-back office support through the Services Agreement. The said Services Agreements will be terminated on 31 March 2015 and a new team has been deployed to carry on with the business of the Group.

Regarding the share option scheme of the Company, reference is made to the joint announcement issued by the Company and FDG dated 2 November 2014, upon the completion of the voluntary conditional offer contemplated by FDG, all the outstanding share options as at 31 December 2014 issued under the share option scheme were cancelled in exchange for the convertible bonds or shares issued by FDG. The share option scheme adopted by the Company in October 2007 remains valid. Details of the share options as at 31 December 2014 are set out in notes 24(c)(v) and 25 to the financial statements.

Internal control

The Group has engaged BDO Financial Services Limited to provide internal audit services on a regular basis to ensure our policy and procedure are implemented in a quality level with strong management and control to minimize operational risks. The result of current year review on asset management and legal and compliance areas was satisfactory and no control deficiency was noted.

Way forward

With the completion of the voluntary conditional offer contemplated by FDG in February 2015 and FDG becoming the controlling shareholder of the Group thereafter, the Group will continue to review its current business portfolio, operations and strategies in order to maximize the synergies anticipated with FDG, as well as enhance business performance and value to its shareholders.



Corporate Governance Report

CIAM Group Limited (the “Company”) is committed to achieving high standards of corporate governance. The Company believes that its commitment to high standard practices will translate into long-term value and ultimately maximize returns to its shareholders. Throughout the year ended 31 December 2014, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), save for the deviations discussed in the relevant paragraphs below.

(A) Directors’ securities transactions

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the “Directors”). In response to specific enquiry by the Company, all Directors confirmed that they have fully complied with the required standard as set out in the aforesaid model code throughout the year of 2014.

(B) Board of Directors

Composition and Role

The board of Directors (the “Board”) currently comprises of eight members, consisting of the Chairman, two Executive Vice-chairmen, an Executive Director, a Non-executive Director and three Independent Non-executive Directors. This is in compliance with the requirements of Rule 3.10A of the Listing Rules which requires independent non-executive directors to represent at least one-third of the Board. The name and brief biographical details of the Directors are shown in the “Board of Directors” section of this Annual Report. As stated in the “Board of Directors” section, Mr. Miao Zhenguo, the Non-executive Director of the Company, is the brother-in-law of Mr. Cao Zhong, the Executive Vice-chairman of the Company. The Company has received from all Independent Non-executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules and considers that they are independent. None of them has served the Company for more than nine years.

Directors give sufficient time and attention to the Company’s affairs. The Company requests the Director to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of time involved.

Independent Non-executive Directors and other Non-executive Directors provide the Board with diversified skills, expertise and experience. Their views and participation in Board and Board committees meetings bring independent, constructive and informed comments on issues relating to the Company's strategies and policies to ensure that the interests of all shareholders are taken into account.

Independent Non-executive Directors are identified as such in all corporate communications containing the name of the Directors. An updated list of the Directors identifying the Independent Non-executive Directors and the roles and functions of the Directors is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

The Company has arranged appropriate insurance coverage on the liabilities of the Directors and officers in respect of any legal actions taken against the Directors and senior management arising out of corporate activities.

Board diversity policy

The Company recognizes that diversity was important for the effective function of the Board and the quality of the Company's performance. The Company adopted a board diversity policy (the "Board Diversity Policy") in August 2013 setting out the approach to achieve diversity on the Board.

The Company considers diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural, educational background and professional experience. All Board appointments will be based on meritocracy, in the context of the skills and experience the Board as a whole requires to be effective. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

Nomination and Remuneration Committee of the Company (the "N&R Committee") will monitor the achievement of the measurable objectives set out in the Board Diversity Policy and review the same as appropriate to ensure its continued effectiveness.

Delegation by the Board

The Board is responsible for overseeing the strategic development of the Company and its subsidiaries (the “Group”) and for determining the objectives, strategies, policies and business plan of the Group. Given the volume and diversity of business of the Group, responsibilities for execution and daily operations are delegated to the management. In addition to its overall supervisory role, the Board retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving capital raising activities, approving policies and codes as required by regulators, etc.

The Board gives clear directions as to the management’s power, and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole. The management are required to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board’s approval before taking any action.

To comply with the requirement under the CG Code, the Board is also responsible for performing the corporate governance duties including determining the Group’s corporate governance policies, and reviewing and monitoring the corporate governance practices of the Group.

Board meetings

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group’s overall strategy, operation and financial performance. A tentative meeting schedule of the Board and the Board committees for the whole year is prepared at the beginning of a year. In addition, at least 14 days’ notice will be given for all regular Board meetings. For all other Board meetings, reasonable notice will be given. An agenda with supporting Board papers are given to all Directors no less than 3 days prior to the meeting and all Directors are given the opportunity to include matters for discussion in the agenda. The Chairman also ensures that all Directors are supplied with adequate information in a timely manner before each meeting and that all Directors are properly briefed on issues arising at Board meetings. Senior executives of the Group are invited to attend the Board meetings to present and answer any enquiries raised by the Directors. At all-time the Board and each Director have separate and independent access to the Company’s senior executives for the purpose of obtaining additional information.

During the year ended 31 December 2014, the Board held four regular meetings and two ad-hoc meetings. The attendance record of individual Director is set out below. Figure in brackets indicates maximum number of meetings in the period in which the individual was a Director of the Company.

Directors	Attendance
<i>Chairman</i>	
Dou Jianzhong	6/(6)
<i>Executive Vice-chairman</i>	
Cao Zhong ^	0/(0)
<i>Executive Vice-chairman and Chief Executive Officer</i>	
Lo Wing Yat	6/(6)
<i>Executive Director</i>	
Jaime Che ^	0/(0)
<i>Non-executive Director</i>	
Miao Zhenguo ^	0/(0)
<i>Independent Non-executive Directors</i>	
Hung Chi Yuen Andrew	6/(6)
Sit Fung Shuen Victor	6/(6)
Toh Hock Ghim	6/(6)
<i>Ex-Directors</i>	
Huang Bin +	5/(6)
Lu Zhicheng +	5/(6)
Wong Yau Kar David +	6/(6)

^ Appointed on 9 March 2015

+ Resigned on 9 March 2015

Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors at the Company's expense to assist them perform their duties if necessary. They can also access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Directors are given sufficient time for discussion at the Board meetings. Where queries are raised by Directors, management will provide prompt and full responses as much as possible.

Should a potential conflict of interest involving a substantial shareholder or a Director arises which the Board has determined to be material, the matter will be discussed in a physical Board meeting, as opposed to being dealt with by written resolution. Independent Non-executive Directors with no material interest in the transaction will be present at meetings to deal with such conflict issues.

The Company Secretary is responsible for taking minutes of the Board meetings and meetings of the Board Committees. The minutes record in sufficient details the matters considered by the Board and the Board Committees, decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting. The final version are kept by the Company Secretary and are available for inspection by the Directors upon request.

Chairman and Chief Executive Officer

Mr. Dou Jianzhong is the Chairman and Mr. Lo Wing Yat is the Chief Executive Officer (the "CEO") of the Company. The respective roles of Chairman and CEO are clearly established and segregated. The Chairman is responsible for the leadership and effective running of the Board, and for ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner. Directors are encouraged to participate actively in all Board and Board committees meetings of which they are members. The Chairman holds meeting with the Non-executive Directors (including Independent Non-executive Directors) at least annually to exchange views and comments further to those discussed at the Board meeting. The CEO, supported by other Board members and the senior management, is responsible for the day-to-day management of the Group's business, including developing and proposing the Group's strategies and policies for the Board's consideration and the implementation of major strategies and policies approved by the Board and Board Committees.

Non-executive Directors

Pursuant to Code Provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election. The Non-executive Directors of the Company are not appointed for a specific term. Instead, same as for all other Directors of the Company, the Non-executive Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the annual general meetings (“AGM”) in accordance with the Bye-laws of the Company. The Board believes that subjecting the Non-executive Directors to retirement by rotation and re-election achieves the intended aims of the CG Code. Due to the same rationale, there is no formal letter of appointment governing the terms of appointment of the Directors who are subject to the same terms under the Bye-laws of the Company.

Directors’ continuous professional development

Every newly appointed Director is provided with a comprehensive induction and information to ensure that he has a proper understanding of the Company’s operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. Since April 2012, Directors are provided with monthly updates on the Company’s performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

The training received by the Directors during the year ended 31 December 2014 is summarized as follows:

Directors	Types of training
<i>Chairman</i> Dou Jianzhong	A, B
<i>Executive Vice-chairman</i> Cao Zhong ^	–
<i>Executive Vice-chairman and Chief Executive Officer</i> Lo Wing Yat	A, B
<i>Executive Director</i> Jaime Che ^	–
<i>Non-executive Director</i> Miao Zhenguo ^	–
<i>Independent Non-executive Directors</i> Hung Chi Yuen Andrew	A, B
Sit Fung Shuen Victor	A, B
Toh Hock Ghim	A, B
<i>Ex-Directors</i> Huang Bin +	A, B
Lu Zhicheng +	B
Wong Yau Kar David +	B

^ Appointed on 9 March 2015

+ Resigned on 9 March 2015

A attending seminars/conferences/forums/briefings/workshops relevant to the business or director's duties

B reading articles relevant to corporate governance, regulatory updates or directors' duties and responsibilities

Company Secretary

The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with Shareholders and with management.

Pursuant to Code Provision F.1.1 of the CG Code, the company secretary should be an employee of the Company. During the year ended 31 December 2014, Ms. Wong Yuen Ching was the Company Secretary of the Company. She was not an employee of the Company but the company secretary of CITIC International Assets Management Limited, the previous substantial shareholder of the Company. She participated in daily operation of the Company with full support and assistance from the professionally qualified staff members of the Company in discharging her duties as company secretary. During the year ended 31 December 2014, she has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge.

Ms. Wong Yuen Ching has resigned as the Company Secretary on 1 April 2015. Ms. Fung Sam Ming has been appointed as the Company Secretary in place of Ms. Wong with effect from 1 April 2015.

(C) Nomination and Remuneration Committee

The N&R Committee of the Company currently comprises three Independent Non-executive Directors and the Chairman of the Company and is chaired by Mr. Toh Hock Ghim.

The Company delegates the determination of the remuneration package of individual Executive Directors and the CEO to the N&R Committee. The roles and responsibilities of the N&R Committee, as set out in its terms of reference, are published on the websites of the Company and HKEx. These primarily include: reviewing the structure, size, composition and diversity of the Board; identifying and nominating qualified individuals to the Board for appointment as Directors and the CEO of the Company; making recommendations to the Board on directors' fees; reviewing and approving the policies and mechanism in relation to the appointment or termination of, remuneration or compensation to, and the succession plans for the senior executives of the Company; and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. The N&R Committee consults with the Chairman and/or CEO on its proposals and recommendations, and also has access to independent professional advice if necessary. The N&R Committee is also provided with sufficient resources enabling it to perform its duties.

The members of the N&R Committee shall not vote in decisions concerning each of their own remuneration or any other matters which he has any direct or indirect interest. All Non-executive Directors of the Company have the right to attend the meetings of the N&R Committee. The composition and the terms of reference of the N&R Committee shall be reviewed from time to time.

During the year ended 31 December 2014, one N&R Committee meeting was held which was attended by all its members as shown in the table below. Figure in brackets indicates maximum number of meetings in the period in which the individual was a member of the N&R Committee.

Committee members	Attendance
Toh Hock Ghim (<i>Chairman</i>)	1/(1)
Dou Jianzhong	1/(1)
Hung Chi Yuen Andrew	1/(1)
Sit Fung Shuen Victor	1/(1)

Further particulars regarding Directors' remuneration and individuals with highest emoluments are set out in notes 7 and 8 to the financial statements.

(D) Internal control

The Board is ultimately responsible for maintaining a sound and effective systems of internal control and risk management of the Group. Procedures have been designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The Investment Committee has been formed to ensure that there are formal and transparent procedures for planning and approving investments for the Group. The Investment Committee meets on an ad-hoc basis to review and approve various investment projects to be committed by the Group, and to monitor and assess the risks on the investment projects to ensure that they are in line with the investment strategy and policies of the Group.

BDO Financial Services Limited has been engaged as the internal auditors of the Company to conduct independent examination and evaluation on the adequacy and effectiveness of the Group's internal control system on an on-going basis. The internal auditors develop a risk-based annual audit plan for regular audits for each calendar year. Such audit plan is reviewed and approved by the Audit Committee. The audits cover all material controls, including financial, operational and compliance controls as well as risk management functions. Special audit may be conducted when necessary. The internal auditors report regularly to the Audit Committee about the audit work done as compared with the annual audit plan and highlight any significant findings or issues to the Audit Committee. The Audit Committee will then review the findings and report to the Board for attention and appropriate action. The Board assesses the effectiveness of internal control by considering reviews performed by the Audit Committee. The annual review also considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. The Board has conducted a review of the Company's internal control system for the year ended 31 December 2014, including financial, operational and compliance controls, and risk management functions.

(E) Audit Committee

The current composition of the Audit Committee consists of three Independent Non-executive Directors. Mr. Hung Chi Yuen Andrew, the chairman of the Committee, possesses a professional accountancy qualification and has substantial experience in accounting and financial matters. The authority and duties of the Audit Committee, as set out in the terms of reference, are published on the websites of the Company and HKEx.

No former partner of the Company's existing auditing firm acted as a member of the Audit Committee.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's internal and external auditors in matters within the scope of the Group's audit.

The Audit Committee meets regularly with the senior management, the external and internal auditors to consider and discuss the Group's financial reporting process, systems of internal control and compliance. It is also responsible for considering the appointment of the external auditors and the audit fee, and discussing with the external and internal auditors the nature and scope of audit before any audit commences. In addition, it discusses matters raised by the internal auditors and external auditors to ensure that appropriate recommendations are implemented.

The Audit Committee held three meetings during the year ended 31 December 2014 which was attended by all its members. Private session between the Committee members and the external auditors without the presence of the management had also been arranged. The attendance record of individual members is set out below. Figure in brackets indicates maximum number of meetings in the period in which the individual was a member of the Audit Committee.

Committee members	Attendance
Hung Chi Yuen Andrew (<i>Chairman</i>)	3/(3)
Sit Fung Shuen Victor	3/(3)
Toh Hock Ghim	3/(3)

The Audit Committee is provided with sufficient resources enabling it to perform its duties. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

(F) Accountability and audit

The Directors are responsible for overseeing the preparation of the financial statements for each financial period and for ensuring that they give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the accounts for the year ended 31 December 2014, the Directors, with the assistance of the management and the external auditors, selected the suitable accounting policies and applied them consistently, approved the adoption of all Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that are prudent, and prepared the accounts on the going concern basis. A statement by the auditors of the Company in respect of their reporting responsibilities is set out in the Independent Auditor's Report.

KPMG has been acted as the external auditors of the Company since 1 June 2010. The financial statements of the Company for the year ended 31 December 2014 have been audited by KPMG. For the year ended 31 December 2014, fees charged by KPMG for audit service and non-audit services were as follows:

	2014	2013
	HK\$'000	HK\$'000
Audit Service		
Annual audit	1,058	990
Non-audit Services		
Interim review	260	250
Major transaction in relation to acquisition of 41.5% equity interest in and the shareholder's loan to Agnita Limited ("Agnita")	-	2,000
Major transaction in relation to (i) disposal of 41.5% equity interest in and shareholder's loan to Agnita, and (ii) cancellation of the call option for 8.5% of equity interest in Agnita granted by Preferred Market Limited	601	-
	861	2,250
Total	1,919	3,240

(G) Communication with shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Board has established a shareholders' communication policy on 22 May 2012 and posted it on the website of the Company setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that shareholders are informed of balanced and understandable information about the Company (including the Group's strategies, businesses, major developments and financial performance) in a factual and timely manner and to enable them to exercise their rights as shareholders in an informed manner. The Company aims to be open and transparent with its shareholders and encourage shareholders' active participation at the Company's general meetings.

Information would be communicated to the shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), annual general meetings and other general meetings, as well as disclosure on the website of the Company. Interim reports, annual reports and circulars are sent to the shareholders in a timely manner and are also available on the website of the Company. The Company's website provides shareholders with the corporate information.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company's AGM and other general meetings allow the Directors to meet and communicate with shareholders. Pursuant to Code Provision A.6.7, the independent non-executive Directors and the non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. At the annual general meeting of the Company held on 28 May 2014 and the special general meeting of the Company held on 23 December 2014, two Non-executive Directors of the Company were unable to attend those meetings due to other business engagements.

The Company ensures that shareholders' views are communicated to the Board. AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. Separate resolution is proposed for each issue to be considered at the meeting. The chairman of the AGM exercises his power under the Bye-laws of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the AGM.

(H) Shareholders' rights

Pursuant to Bye-law 58 of the Bye-laws of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the special general meeting. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Rooms 3001-3005, 30/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong by post or email to ciam.info@ciamgroup.com for the attention of the Company Secretary of the Company. The Company Secretary will be responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and enquiries, to the CEO of the Company. Shareholders may also raise their enquiries in general meetings.

Shareholders may also propose a person for election as director, the procedures for which are available on the Company's website.

(I) Constitutional documents

The Company's Memorandum of Association and Bye-laws are available on both the websites of the Company and HKEx. During the year ended 31 December 2014, there is no change to the Company's Memorandum of Association and Bye-laws.

Report of the Directors

The board of directors (the “Board”) presents the annual report together with the audited financial statements for the year ended 31 December 2014.

Principal place of business

CIAM Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company has its registered office at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business at 23rd Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. The address of principal place of business of the Company in Hong Kong will be changed to Rooms 3001–3005, 30/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong with effect from 1 April 2015.

Principal activities

The Company is an investment holding company. The activities of the principal subsidiaries of the Company are set out in note 14 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the “Group”) during the financial year are set out in note 12 to the financial statements.

Financial statements

The result of the Group for the year ended 31 December 2014 and the state of the Company’s and the Group’s affairs as at that date are set out in the financial statements on pages 49 to 131.

Transfer from reserves

Loss attributable to shareholders, before dividends, of HK\$48,635,000 (2013: HK\$22,229,000) has been transferred from reserves. Details of movements in reserves are set out in the consolidated statement of changes in equity.

The Board does not recommend the payment of a dividend (2013: Nil) in respect of the year ended 31 December 2014.

Charitable donations

There were no charitable donations made by the Group during the year ended 31 December 2014 (2013: HK\$45,000).

Property, plant and equipment

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

Share capital

Details of movements in share capital of the Company during the year are set out in note 24(c) to the financial statements.

Pre-emptive rights

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

Purchase, sale and redemption of the Company's listed securities

During the year ended 31 December 2014, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

Directors

The directors who held office during the year and up to the date of this report are:

Chairman

Dou Jianzhong

Executive Vice-chairman

Cao Zhong (appointed on 9 March 2015)

Executive Vice-chairman and Chief Executive Officer

Lo Wing Yat

Executive director

Jaime Che (appointed on 9 March 2015)

Non-executive directors

Miao Zhengguo	(appointed on 9 March 2015)
Huang Bin	(resigned on 9 March 2015)
Lu Zhicheng	(resigned on 9 March 2015)
Wong Yau Kar David	(resigned on 9 March 2015)

Independent non-executive directors

Hung Chi Yuen Andrew
Sit Fung Shuen Victor
Toh Hock Ghim

In accordance with Bye-law 86(2) of the Bye-laws of the Company, Messrs. Cao Zhong, Jaime Che and Miao Zhengguo shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Bye-law 87 of the Bye-laws of the Company, at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation and shall be eligible for re-election. Accordingly, Messrs. Lo Wing Yat, Sit Fung Shuen Victor and Toh Hock Ghim shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

There is no service contract with the Group, which is not determinable by the Group within one year without payment of compensation (other than normal statutory compensation), in respect of any director proposed for re-election at the forthcoming annual general meeting of the Company.

Confirmation of independence

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all the independent non-executive directors are independent in accordance with the term of the independence guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 December 2014, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange, or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in the Appendix 10 to the Listing Rules were as follows:

Name of directors/chief executive	Number of shares held under personal interests	Number of underlying shares held under equity derivative (Note (a))	Total (Note (b))	Approximate percentage of issued share capital (Note (c))
Dou Jianzhong	1,250,000	–	1,250,000	0.13%
Lo Wing Yat	1,935,000	–	1,935,000	0.21%
Hung Chi Yuen Andrew	–	200,000	200,000	0.02%
Lu Zhicheng	–	200,000	200,000	0.02%
Sit Fung Shuen Victor	–	200,000	200,000	0.02%
Toh Hock Ghim	–	200,000	200,000	0.02%
Wong Yau Kar David	–	200,000	200,000	0.02%

Notes:

- (a) These interests represented the interest in underlying shares in respect of the share options granted by the Company under its share options scheme adopted on 12 October 2007 to these directors as beneficial owners, further details of which are set out in note 25 to the financial statements.
- (b) Subsequently, all the shares or share options held by the directors were exchanged for or cancelled in exchange for the convertible bonds or shares issued by FDG Electric Vehicles Limited during a voluntary conditional offer in February 2015, further details of which are set out in note 32(a) to the financial statements.
- (c) The percentages are calculated based on the total number of issued shares of the Company of 938,283,217 shares as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, none of the directors or chief executive of the Company or their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share option scheme

Details of the share option scheme adopted by the Company on 12 October 2007 (the “Share Option Scheme”) and movements of the share options during the year are set out in note 25 to the financial statements.

Information on the accounting policy for share options granted is provided in note 1(k)(iii) to the financial statements.

Directors’ rights to acquire shares or debentures

Save as the Share Option Scheme, at no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors’ interests in contracts of significance

No contract of significance in relation to the Group’s business (as defined in the Listing Rules) to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 December 2014, so far as was known to the directors and the chief executive of the Company, the following persons (other than any director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of substantial shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Total number of ordinary shares and underlying shares held	Approximate percentage of issued share capital (Note (a))
Right Precious Limited ("Right Precious")	Beneficial owner	300,878,860	–	300,878,860	32.07%
CITIC International Assets Management Limited ("CIAM")	Beneficial owner	920,000	–	920,000	0.10%
	Interest held by controlled corporation (Note (b))	300,878,860	–	300,878,860	32.07%
CITIC International Financial Holdings Limited ("CIFH")	Interest held by controlled corporation (Note (b))	301,798,860	–	301,798,860	32.17%
China CITIC Bank Corporation Limited ("CNCB")	Interest held by controlled corporation (Note (b))	301,798,860	–	301,798,860	32.17%
CITIC Corporation Limited	Interest held by controlled corporation (Note (b))	301,798,860	–	301,798,860	32.17%
CITIC Limited	Interest held by controlled corporation (Note (b))	301,798,860	–	301,798,860	32.17%

Report of the Directors

Name of substantial shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Total number of ordinary shares and underlying shares held	Approximate percentage of issued share capital (Note (a))
CITIC Polaris Limited	Interest held by controlled corporation (Note (b))	301,798,860	–	301,798,860	32.17%
CITIC Group Corporation (“CITIC Group”)	Interest held by controlled corporation (Note (b))	301,798,860	–	301,798,860	32.17%
Champion Rise International Limited	Beneficial owner	100,000,000	–	100,000,000	10.66%
Cao Zhong	Beneficial owner	2,000,000	–	2,000,000	0.21%
	Interest held by controlled corporation	100,000,000	–	100,000,000	10.66%
Galaxy Bridge International Limited	Beneficial owner	94,500,000	–	94,500,000	10.07%
Song Kejin	Interest held by controlled corporation	94,500,000	–	94,500,000	10.07%
Alpha Excel Investments Limited	Beneficial owner	70,000,000	–	70,000,000	7.46%
Shan Chang	Interest held by controlled corporation	70,000,000	–	70,000,000	7.46%
Silvanus Enterprises Limited	Beneficial owner	62,940,000	–	62,940,000	6.71%
Chong Sok Un	Interest held by controlled corporation	62,940,000	–	62,940,000	6.71%

Report of the Directors

Name of substantial shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Total number of ordinary shares and underlying shares held	Approximate percentage of issued share capital (Note (a))
Preferred Market Limited ("Preferred Market")	Beneficial owner (Note (c))	–	66,466,165	66,466,165	7.08%
Sinopoly Strategic Investment Limited ("Sinopoly")	Beneficial owner (Note (d))	–	503,673,860	503,673,860	53.68%
FDG Electric Vehicles Limited ("FDG")	Interest held by controlled corporation (Notes (c) and (d))	–	570,140,025	570,140,025	60.76%

Notes:

- (a) The percentages are calculated based on the total number of issued shares of the Company of 938,283,217 shares as at 31 December 2014.
- (b) Right Precious is a wholly-owned subsidiary of CIAM. By virtue of the SFO, CIAM, CIFH, CNCB, CITIC Corporation Limited, CITIC Limited, CITIC Polaris Limited and CITIC Group are deemed to be interested in 301,798,860 shares of the Company. CIFH owns 40% of CIAM, and CIFH is 70.32% owned by CNCB which, in turn is 67.13% owned by CITIC Corporation Limited, a wholly-owned subsidiary of CITIC Limited, which is in turn 77.90% owned by CITIC Group, among which 48% is held through CITIC Polaris Limited.
- (c) Reference is made to the announcement of the Company dated 19 December 2013, the joint announcement issued by FDG, Sinopoly, a wholly-owned subsidiary of FDG, and the Company dated 2 November 2014 (the "Joint Announcement"), the circular of the Company dated 5 December 2014, the poll results announcement of the special general meeting of the Company dated 23 December 2014 and the voluntary joint announcement issued by FDG and the Company dated 27 February 2015. On 19 December 2013, an option deed was entered into among the Company, CIAM Investment (BVI) Limited ("CIAM BVI", a wholly-owned subsidiary of the Company), FDG and Preferred Market (a wholly-owned subsidiary of FDG), pursuant to which, Preferred Market granted to CIAM BVI an option ("Call Option") to acquire from Preferred Market 8.5% issued share capital in Agnita Limited ("Agnita") at any time on or before 7 March 2015 in exchange for the issue of 66,466,165 new shares of the Company. A conditional sale and purchase agreement dated 31 October 2014 and two supplemental subsequent letter agreements dated 29 December 2014 and 27 January 2015 (collectively the "Sale and Purchase Agreement") were entered among the parties, pursuant to which, the Group conditionally agrees (i) to sell to Preferred Market and Preferred Market conditionally agrees to purchase from CIAM BVI 41.5% of the issued share capital of Agnita, and all rights and benefits in the shareholder's loan in the principal amount of HK\$150,000,000 extended by CIAM BVI; and (ii) to the cancellation of the Call Option (collectively the "Agnita Transaction") at a consideration of HK\$520,000,000. Completion of the Agnita Transaction took place on 27 February 2015.

- (d) As disclosed in the Joint Announcement, the composite offer and response document dated 30 January 2015 and announcement dated 23 February 2015 jointly issued by FDG, Sinopoly and the Company, a voluntary conditional offer (the "Offer") had been made by Sinopoly, to acquire all the issued shares of the Company and to cancel all the outstanding share options of the Company in exchange for convertible bonds issued by FDG which are convertible into new FDG shares. As at 31 December 2014, Sinopoly has received irrevocable undertakings from certain shareholders of the Company, holding in aggregate 503,673,860 issued shares of the Company, to accept the Offer. The Offer was opened for acceptance from 30 January 2015 to 23 February 2015. Sinopoly received valid acceptances in respect of 840,106,498 shares of the Company (representing approximately 89.54% of the issued share capital of the Company) and becomes the controlling shareholder of the Company.

Save as disclosed above, the Company had not been notified and is not aware of any other persons who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2014.

Major customers and suppliers

The Group's turnover represents the aggregate of revenue from the sale and fair value gain/loss of listed and unlisted investments, interest income and dividend income. Accordingly, it is not practical to state the percentage of the sales attributable to the Group's largest customers and percentage of the purchases attributable to the Group's largest suppliers.

Connected transaction

The Group entered into the Sale and Purchase Agreement in relation to the Agnita Transaction at an aggregate consideration of HK\$520 million. The closing of the Agnita Transaction is conditional on certain conditions precedent including, among others, the Offer having becoming unconditional as to acceptances, i.e. Sinopoly controls more than 50% of the voting rights in the Company and as a result of which, FDG and Sinopoly would then become connected persons of the Company. The Agnita Transaction therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules and the Agnita Transaction was approved through voting by independent shareholders at the special general meeting of the Company held on 23 December 2014.

The Offer was opened for acceptance from 30 January 2015 to 23 February 2015. Sinopoly received valid acceptances in respect of 840,106,498 shares (representing approximately 89.54% of the issued share capital of the Company) and becomes the controlling shareholder of the Company. Following the close of the Offer, the Agnita Transaction was completed on 27 February 2015 when the Company received HK\$150,000,000 in cash and HK\$370,000,000 FDG 3-year secured bonds with 8% coupon per annum in accordance with terms of the Sale and Purchase Agreement.

Further details of the Agnita Transaction were set out in the circular of the Company dated 5 December 2014.

Continuing connected transactions

The Group has entered into transactions with CIAM relating to certain services provided to and provided by the Group. As CIAM is a substantial shareholder and connected person (as defined under the Listing Rules) of the Company for the year ended 31 December 2014, the entering into of the agreements and the transactions contemplated therein each constitutes continuing connected transactions under Chapter 14A of the Listing Rules. Given the recurring nature of these transactions, a maximum aggregate annual value for each category of transactions (“Annual Cap”) has been set by the Company. Details of these transactions are summarised below:

- (1) On 30 December 2013, the Company and CIAM entered into two Inter-companies Services and Cost Allocation Agreements (“Services Agreements”). Their details have been disclosed in the Company’s announcement dated 30 December 2013. The principal terms and conditions are summarised as below:
 - (a) Inter-companies Services and Cost Allocation Agreement dated 30 December 2013 for the provision of the CIAM Group Services as defined below (“CIAM Group Services Agreement”)

Duration: The CIAM Group Services Agreement is for a term of three years from 1 January 2014 to 31 December 2016.

Services: CIAM together with its subsidiaries, jointly controlled and associated companies (other than the Group) (“CIAM Group”) provides the business development and management services to the Group (“CIAM Group Services”).

Fees to be paid: The Company will pay the service fee to CIAM (“CIAM Group Services Fee”) every six months on a cost basis. The CIAM Group Services Fee will be a sum equal to a portion of the total remuneration of the employees of the CIAM Group calculated based on a pre-agreed estimation of time to be spent by such employees on the provision of the CIAM Group Services. Such estimation of time will from time to time be subject to review by the Company and CIAM and be adjusted according to the actual circumstances where necessary. All disbursements incurred by the CIAM Group in relation to the provision of the CIAM Group Services will be reimbursed by the Company to CIAM on a dollar for dollar basis.

The Annual Caps for the CIAM Group Services Fee is HK\$5,500,000 for each of the three years ending 31 December 2016.

- (b) Inter-companies Services and Cost Allocation Agreement dated 30 December 2013 for the provision of the Listed Group Services as defined below (“Listed Group Services Agreement”)

Duration: The Listed Group Services Agreement is for a term of three years from 1 January 2014 to 31 December 2016.

Services: The Group provides the investment and asset management services to the CIAM Group (“Listed Group Services”).

Fees to be received: CIAM will pay the service fee (“Listed Group Services Fee”) to the Company every six months on a cost basis. The Listed Group Services Fee will be a sum equal to a portion of the total remuneration of the employees of the Group calculated based on a pre-agreed estimation of time to be spent by such employees on the provision of the Listed Group Services. Such estimation of time will from time to time be subject to review by the Company and CIAM and be adjusted according to the actual circumstances where necessary. All disbursements incurred by the Group in relation to the provision of the Listed Group Services will be reimbursed by CIAM to the Company on a dollar for dollar basis.

The Annual Caps for the Listed Group Services Fee is HK\$5,500,000 for each of the three years ending 31 December 2016.

As each of the relevant percentage ratios applicable to the above transactions is less than 25% and each of the Annual Caps is less than HK\$10,000,000, these transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

For the year ended 31 December 2014, the CIAM Group Services Fee payable by the Company to CIAM was approximately HK\$3,274,000 (2013: HK\$3,847,000) while the Listed Group Services Fee payable by CIAM to the Company was approximately HK\$2,739,000 (2013: HK\$1,597,000), which did not exceed the Annual Caps mentioned above.

The above-mentioned Services Agreements will be terminated on 31 March 2015.

(2) Annual review of continuing connected transactions

Pursuant to Rule 14A.56 of the Listing Rules, the external auditors of the Company were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants in respect of the transactions under the CIAM Group Services Agreement and the Listed Group Services Agreement entered into by the Group during the year ended 31 December 2014. The external auditors have reported their factual findings arising from these procedures to the Board.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive directors have reviewed the above-mentioned transactions, which constituted continuing connected transactions under the Listing Rules, and confirmed that the transactions were entered into by the Group in its ordinary and usual course of business, on normal commercial terms or on terms no less favourable than terms available to or from independent third parties, if identified, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Related party transactions

Details of the related party transactions undertaken in normal course of the Group's business are set out in note 31(a) to the financial statements. In relation to those related party transactions that constituted connected transactions under the Listing Rules, they have complied with applicable requirements in accordance with the Listing Rules.

Disclosure under Rules 13.13 and 13.20 of the Listing Rules

As at 31 December 2014, the Group has the following loan outstanding which constituted an advance to an entity discloseable under Rules 13.13 and 13.20 of the Listing Rules as the transaction amount of the loan exceeded 8% under the asset ratio as defined under Rule 14.07 of the Listing Rules.

Pursuant to a loan agreement dated 19 December 2013 (the “Loan Agreement”) entered into between CIAM BVI and Agnita, CIAM BVI has provided an interest-free loan in the principal amount of HK\$150,000,000 (the “Loan”) to Agnita. On 23 September 2014 and 29 December 2014, CIAM BVI entered into two supplemental agreements to amend and supplement the Loan Agreement which extended the repayment date of the Loan to 28 February 2015. The Loan has been assigned to Preferred Market in February 2015 upon the completion of the Agnita Transaction. Details of the Loan have been disclosed in the Company’s announcements dated 19 December 2013, 22 October 2014 and 29 December 2014.

Public float

Reference is made to the announcement dated on 2 March 2015, the Company could not satisfy the minimum public float requirement as set out under Rule 8.08(1)(a) of the Listing Rules. The Company had applied to the Stock Exchange for a temporary waiver from strict compliance with minimum public float requirement for a period of three months commencing from 24 February 2015.

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132 of the financial statements.

Retirement schemes

The Group operates a Mandatory Provident Fund scheme and an Occupational Retirement Scheme. Particulars of these retirement schemes are set out in note 26 to the financial statements.

Management contract

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

Auditors

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

By order of the Board

Dou Jianzhong

Chairman

Hong Kong, 27 March 2015



Independent Auditor's Report



Independent auditor's report to the shareholders of CIAM Group Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CIAM Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 49 to 131, which comprise the consolidated and company statements of financial position as at 31 December 2014, 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 disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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 result and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue			
Net loss on held-for-trading investments		(169)	(434)
Net (loss)/gain on financial assets designated at fair value through profit or loss		(1,010)	5,752
Investment income	3	20,759	27,329
		19,580	32,647
Other net income		62	157
Administrative expenses		(26,995)	(32,426)
		(7,353)	378
(Loss)/profit from operations before impairment			
Impairment loss on loan and other receivables	4	(16,621)	(19,463)
Gain on disposal of subsidiaries	27	-	685
Share of loss of an associate		(22,494)	(1,062)
Share of net (losses)/profits of joint ventures		(2,174)	193
		(48,642)	(19,269)
Loss before taxation			
Income tax	6	-	(2,960)
		(48,642)	(22,229)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Other comprehensive income for the year (after tax and reclassification adjustments)	10		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
– Exchange differences on translation of financial statements of foreign operations		(4,157)	6,858
– Reclassification adjustment upon disposal of subsidiaries	27	–	(186)
		(4,157)	6,672
Total comprehensive income for the year		(52,799)	(15,557)
Loss for the year attributable to:			
– Equity shareholders of the Company	9	(48,635)	(22,229)
– Non-controlling interests		(7)	–
		(48,642)	(22,229)
Other comprehensive income for the year attributable to:			
– Equity shareholders of the Company		(4,157)	6,672
– Non-controlling interests		–	–
		(4,157)	6,672
Total comprehensive income for the year attributable to:			
– Equity shareholders of the Company		(52,792)	(15,557)
– Non-controlling interests		(7)	–
		(52,799)	(15,557)
Loss per share			
Basic and diluted (HK cents)	11	(5.20)	(4.52)

The notes on pages 58 to 131 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	13(a)	648	932
Interest in an associate	15	535,599	556,435
Interest in joint ventures	16	108,219	113,198
Financial assets at fair value through profit or loss	17	47,007	28,295
Loan and other receivables	18	475	451
Other non-current assets	19	1,104	1,104
		693,052	700,415
Current assets			
Financial assets at fair value through profit or loss	17	12,810	30,290
Loan and other receivables	18	81,563	84,072
Loan to an associate	15	150,000	150,000
Cash and cash equivalents	21	366,684	399,621
		611,057	663,983
Current liabilities			
Accruals and other payables	22	11,952	18,119
Amount due to a substantial shareholder	31(b)	205	2,597
Loan from a non-controlling shareholder	31(b)	–	31
Current taxation	23(a)	4,353	7,151
		16,510	27,898
Net current assets		594,547	636,085
NET ASSETS		1,287,599	1,336,500

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
CAPITAL AND RESERVES			
Share capital	24(c)(i)	938,283	935,133
Reserves		349,316	401,327
Total equity attributable to equity shareholders of the Company		1,287,599	1,336,460
Non-controlling interests		–	40
TOTAL EQUITY		1,287,599	1,336,500

Approved and authorised for issue by the board of directors on 27 March 2015.

Dou Jianzhong
Director

Lo Wing Yat
Director

The notes on pages 58 to 131 form part of these financial statements.

Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	13(b)	619	860
Investments in subsidiaries	14	538,503	538,503
Financial asset at fair value through profit or loss	17	28,296	28,295
Other non-current assets	19	979	979
		568,397	568,637
Current assets			
Financial assets at fair value through profit or loss	17	2,168	20,239
Amounts due from subsidiaries	20	322,400	476,971
Other receivables	18	2,363	1,493
Cash and cash equivalents	21	337,053	346,268
		663,984	844,971
Current liabilities			
Accruals and other payables	22	10,549	15,571
Amounts due to subsidiaries	20	35,255	351,392
Amount due to a substantial shareholder	31(b)	205	2,597
		46,009	369,560
Net current assets		617,975	475,411
NET ASSETS		1,186,372	1,044,048

Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
CAPITAL AND RESERVES			
Share capital	24(c)(i)	938,283	935,133
Reserves	24(a)	248,089	108,915
TOTAL EQUITY		1,186,372	1,044,048

Approved and authorised for issue by the board of directors on 27 March 2015.

Dou Jianzhong
Director

Lo Wing Yat
Director

The notes on pages 58 to 131 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total equity	
	Share capital	Share premium	Contributed surplus	Exchange reserve	Share option reserve	Other reserve	Accumulated losses				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000				
Note	note 24(c)(i)	note 24(d)(i)	note 24(d)(ii)	note 24(d)(iii)	note 24(d)(iv)	note 24(d)(v)	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 January 2014		935,133	341,137	82,445	25,326	8,912	5,763	(62,256)	1,336,460	40	1,336,500
Changes in equity for 2014:											
Loss for the year		-	-	-	-	-	-	(48,635)	(48,635)	(7)	(48,642)
Other comprehensive income	10	-	-	-	(4,157)	-	-	-	(4,157)	-	(4,157)
Total comprehensive income		-	-	-	(4,157)	-	-	(48,635)	(52,792)	(7)	(52,799)
Shares issued under share option scheme	24(c)(iv)	3,150	935	-	-	(935)	-	-	3,150	-	3,150
Equity settled share-based transactions	25										
- amortisation for the year		-	-	-	-	767	-	-	767	-	767
- transfer to accumulated losses upon lapsed		-	-	-	-	(7,051)	-	7,051	-	-	-
Acquisition of interest from non-controlling shareholders		-	-	-	-	-	14	-	14	(33)	(19)
Balance at 31 December 2014		938,283	342,072	82,445	21,169	1,693	5,777	(103,840)	1,287,599	-	1,287,599
Balance at 1 January 2013		444,633	31,970	82,445	18,654	7,094	5,301	(39,713)	550,384	40	550,424
Changes in equity for 2013:											
Loss for the year		-	-	-	-	-	-	(22,229)	(22,229)	-	(22,229)
Other comprehensive income	10	-	-	-	6,672	-	-	-	6,672	-	6,672
Total comprehensive income		-	-	-	6,672	-	-	(22,229)	(15,557)	-	(15,557)
Profit appropriation to statutory surplus reserve	24(d)(v)	-	-	-	-	-	462	(462)	-	-	-
Issue of new shares	24(c)(iii)	490,500	309,167	-	-	-	-	-	799,667	-	799,667
Equity settled share-based transactions	25										
- amortisation for the year		-	-	-	-	1,966	-	-	1,966	-	1,966
- transfer to accumulated losses upon forfeiture		-	-	-	-	(148)	-	148	-	-	-
Balance at 31 December 2013		935,133	341,137	82,445	25,326	8,912	5,763	(62,256)	1,336,460	40	1,336,500

The notes on pages 58 to 131 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Operating activities			
Loss before taxation		(48,642)	(19,269)
Adjustments for:			
Impairment loss on loan and other receivables	4	16,621	19,463
Depreciation of property, plant and equipment	13(a)	283	505
Gain on disposal of property, plant and equipment	5(b)	–	(32)
Gain on disposal of subsidiaries	27	–	(685)
Share of losses of an associate		22,494	1,062
Share of net losses/(profits) of joint ventures		2,174	(193)
Net loss/(gain) on financial assets designated at fair value through profit or loss		1,010	(5,752)
Equity settled share-based payment expenses	5(a)	767	1,966
Adjusted operating loss before changes in working capital		(5,293)	(2,935)
Increase in other receivables		(16,222)	(24,999)
(Increase)/decrease in held-for-trading investments		(1,247)	598
Decrease in amount due from ultimate holding company		–	79
Decrease in accruals and other payables		(6,167)	(58)
(Decrease)/increase in amount due to a substantial shareholder		(2,392)	2,839
Cash used in operations		(31,321)	(24,476)
Tax paid in Hong Kong		(2,079)	(705)
Tax paid outside Hong Kong		(605)	(1,299)
Net cash used in operating activities		(34,005)	(26,480)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Investing activities			
Proceeds from disposal of property, plant and equipment		-	123
Proceeds from disposal of subsidiaries	27	-	220
Investment in an associate		(19,308)	(4,452)
Proceeds from disposal of financial assets designated at fair value through profit or loss		17,716	18,676
Loans repaid by third parties		29	45,090
Loan to an associate	15	-	(150,000)
Dividend distribution from a joint venture	16	-	21,802
Payment for acquisition of interest from non-controlling shareholders		(19)	-
Net cash used in investing activities		(1,582)	(68,541)
Financing activities			
Repayment to non-controlling shareholder		(31)	-
Net proceeds from the issue of new shares	24(c)(iii)	-	247,717
Proceeds from shares issued under share options scheme	24(c)(iv)	3,150	-
Net cash generated from financing activities		3,119	247,717
Net (decrease)/increase in cash and cash equivalents		(32,468)	152,696
Cash and cash equivalents at 1 January		399,621	246,820
Effect of foreign exchange rate changes		(469)	105
Cash and cash equivalents at 31 December	21	366,684	399,621

The notes on pages 58 to 131 form part of these financial statements.

Notes to the Financial Statements

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). A summary of the significant accounting policies adopted by CIAM Group Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Group and the Group’s interest in an associate and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- financial assets at fair value through profit or loss (see note 1(e))

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

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

1 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 33.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(i).

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

1 Significant accounting policies (continued)

(c) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 1(d)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 1(h)).

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(h)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

1 Significant accounting policies (continued)

(d) Associates and joint ventures (continued)

When an investment in an associate or a joint venture is held by or is held indirectly through, an entity that is a venture capital organisation, such investment is exempted from applying equity method and is recognised as a financial asset at fair value through profit or loss in the Group's consolidated statement of financial position (note 1(e)).

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(e)).

(e) Financial instruments

(i) Initial recognition

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired. The categories are: financial assets at fair value through profit or loss and loans and receivables.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

The Group recognises financial assets on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets at fair value through profit or loss is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets at fair value through profit or loss are recorded.

(ii) Categorisation

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

1 Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Categorisation (continued)

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

Financial instruments are designated at fair value through profit or loss upon initial recognition when:

- the assets are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- the asset contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivative(s) from the financial instrument is not prohibited.

Financial assets under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds and the carrying value is included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; or (b) those that the Group, upon initial recognition, designates as at fair value through profit or loss. Loans and receivables mainly comprise loans to customers.

Loans and receivables include loans made under entrusted arrangement which are loans granted by licensed banks incorporated in the People's Republic of China (the "PRC") on behalf of the Group to external PRC customers which the Group bears the risks and rewards.

Loans and receivables are carried at amortised cost using the effective interest method, less impairment losses (see note 1(h)), if any, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses, if any.

1 Significant accounting policies (continued)

(e) Financial instruments (continued)

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

The Group uses the weighted average method to determine realised gains and losses to be recognised in profit or loss on derecognition.

(v) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

When the embedded derivative is separated, the host contract is accounted for in accordance with note (ii) above.

1 Significant accounting policies (continued)

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(h)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Leasehold improvements	Over the shorter of the term of the lease, or 5 years
– Furniture, fixtures and equipment	3–10 years
– Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Operating lease charges

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

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

1 Significant accounting policies (continued)

(h) Impairment of assets

The carrying amount of the Group's assets is reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Group about one or more of the following loss events which has an impact on the future cash flows on the assets that can be estimated reliably:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, the carrying amount is reduced to the estimated recoverable amount by means of a charge to profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of loans and receivables, which are measured at amortised cost, whose recovery is considered doubtful but not remote. In this case, the impairment losses are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account relating to that borrower are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(i) Loans and receivables

Impairment losses on loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for credit losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. The individual impairment allowance is based upon management's best estimate of the present value of the cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management makes judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its own merits.

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances. While this necessarily involves judgement, the Group believes that the impairment allowances on loans and receivables are reasonable and supportable.

Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and be charged or credited to profit or loss. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

When there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due.

1 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(ii) Other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investments in subsidiaries, associates and joint ventures; and
- other non-current assets.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, if determinable.

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (see notes 1(h)(i) and (ii)).

Impairment losses recognised in an interim period in respect of unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the year to which the interim period relates.

(i) Accruals and other payables

Accruals and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Cash and cash equivalents

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

(k) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Carried interest

Eligible employees are entitled to receive a share of the realised profits less losses on investments of the Group. The Group recognises a liability based on estimated fair value of its assets at the end of the reporting period. Carried interest payable is accrued on those investments over and above the performance hurdle of 10% internal rate of return, measured at the end of the reporting period. Carried interest is paid when the investment return is realised without any recourse.

1 Significant accounting policies (continued)

(k) Employee benefits (continued)

(iii) Share-based payments

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

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits or accumulated losses).

(l) Income tax

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

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

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

1 Significant accounting policies (continued)

(I) Income tax (continued)

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

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

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

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

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset.

1 Significant accounting policies (continued)

(m) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue recognition

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

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on all financial assets that are classified as trading or designated at fair value through profit and loss are considered to be incidental and are therefore presented together with all other changes in fair value arising from the portfolio. Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with interest income and expense and foreign exchange differences attributable to those financial instruments.

1 Significant accounting policies (continued)

(n) Revenue recognition (continued)

(ii) Dividend income

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(o) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss. All other exchange differences relating to monetary items are presented in profit or loss.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1 Significant accounting policies (continued)

(p) Related parties

- (A) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

1 Significant accounting policies (continued)

(q) Segment reporting

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of those, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating unit ("CGU") whose recoverable amount is based on fair value less costs of disposal. The initial adoption of these amendments in 2014 do not have an impact on the Group's financial statements as the Group has not recognised or reversed any impairment loss on individual non-financial asset or CGU.

3 Investment income

	2014	2013
	HK\$'000	HK\$'000
Interest income from financial assets that are not at fair value through profit or loss	20,743	26,881
Dividend income from:		
– listed securities	16	61
– unlisted funds	–	387
	20,759	27,329

4 Impairment loss on loan and other receivables

	2014	2013
	HK\$'000	HK\$'000
Impairment loss charged on loan and other receivables (note 18(b))	16,621	19,463

5 Loss before taxation**Loss before taxation is arrived at after charging/(crediting):**

	2014	2013
	HK\$'000	HK\$'000
(a) Staff costs		
Contributions to defined contribution retirement plan*	1,013	1,031
Equity settled share-based payment expenses (note 25)	767	1,966
Salaries, carried interest and other benefits*	16,757	15,540
	18,537	18,537

5 Loss before taxation (continued)**Loss before taxation is arrived at after charging/(crediting):** (continued)

	2014	2013
	HK\$'000	HK\$'000
(b) Other items		
Depreciation of property, plant and equipment*	345	557
Gain on disposal of property, plant and equipment	–	(32)
Operating lease charges in respect of land and buildings*	3,528	3,751
Net foreign exchange loss/(gain)	175	(76)
Auditor's remuneration	1,058	990
Directors' fees	2,650	2,650

* These amounts represented the net amount after expenses reimbursement arrangement under the Inter-companies Services and Cost Allocation Agreements ("Services Agreements") signed between the Company and CITIC International Assets Management Limited ("CIAM", a substantial shareholder of the Company), on 30 December 2013 and 28 November 2011.

6 Income tax in the consolidated statement of comprehensive income**(a) Taxation in the consolidated statement of comprehensive income represents:**

	2014	2013
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
Under-provision in respect of prior years	–	1,510
Outside Hong Kong		
Provision for profits tax for the year (note 23(a))	–	709
Provision for withholding tax for the year (note 23(a))	–	1,299
Over-provision for profits tax in respect of prior years	–	(558)
	–	1,450
	–	2,960

6 Income tax in the consolidated statement of comprehensive income (continued)

(a) Taxation in the consolidated statement of comprehensive income represents: (continued)

No provision for Hong Kong Profits Tax for the years ended 31 December 2014 and 2013 has been made as the Group does not have any assessable profits in Hong Kong in both years. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2014 HK\$'000	2013 HK\$'000
Loss before taxation	(48,642)	(19,269)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	(7,565)	(1,725)
Tax effect of non-deductible expenses	4,449	1,368
Tax effect of non-taxable income	(2,677)	(557)
Tax effect of unused tax losses not recognised	5,813	2,973
Utilisation of tax losses previously not recognised	(20)	(51)
Under-provision in prior years	-	952
Actual tax expense	-	2,960

7 Directors' remuneration

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

For the year ended 31 December 2014

Name of directors	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses and carried interest	Retirement scheme contributions	Sub-total	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dou Jianzhong	600	-	-	-	600	-	600
Lo Wing Yat	250	2,169	549	209	3,177	-	3,177
Huang Bin	200	-	-	-	200	-	200
Hung Chi Yuen Andrew	400	-	-	-	400	-	400
Lu Zhicheng	200	-	-	-	200	-	200
Sit Fung Shuen Victor	400	-	-	-	400	-	400
Toh Hock Ghim	400	-	-	-	400	-	400
Wong Yau Kar David	200	-	-	-	200	-	200
	2,650	2,169	549	209	5,577	-	5,577

7 Directors' remuneration (continued)**For the year ended 31 December 2013**

Name of directors	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses and carried interest HK\$'000	Retirement scheme contributions HK\$'000	Sub-total HK\$'000	Share-based payments HK\$'000 (Note)	Total HK\$'000
Dou Jianzhong	600	-	-	-	600	371	971
Lo Wing Yat	250	2,062	174	217	2,703	564	3,267
Huang Bin (appointed on 31 May 2013)	117	-	-	-	117	-	117
Hung Chi Yuen Andrew	400	-	-	-	400	59	459
Lu Zhicheng	200	-	-	-	200	59	259
Sit Fung Shuen Victor	400	-	-	-	400	59	459
Toh Hock Ghim	400	-	-	-	400	59	459
Wong Yau Kar David	200	-	-	-	200	59	259
Chan Peng Kuan (resigned on 31 May 2013)	83	-	-	-	83	59	142
	2,650	2,062	174	217	5,103	1,289	6,392

For the years ended 31 December 2014 and 2013, the amounts represented the net amounts after expenses reimbursement arrangement under the Services Agreements.

Note: These represented the estimated value of share options granted to the directors in 2013 under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(k)(iii). Details of share-based payments, including the principal terms and number of options granted, are disclosed in note 25.

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, one (2013: one) is director of the Company whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2013: four) individuals are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other emoluments	3,560	3,517
Discretionary bonuses	264	704
Share-based payments	1,399	621
Retirement scheme contributions	234	266
	5,457	5,108

The emoluments of the four (2013: four) individuals with the highest emoluments are within the following bands:

	2014 Number of individuals	2013 Number of individuals
Nil – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	3	4
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$2,000,001 – HK\$2,500,000	–	–

For the years ended 31 December 2014 and 2013, the amounts represented the net amounts after expenses reimbursement arrangement under the Services Agreements.

9 Loss attributable to equity shareholders of the Company

The consolidated loss attributable to equity shareholders of the Company includes a profit of HK\$138,407,000 (2013: loss of HK\$25,091,000) which has been dealt with in the financial statements of the Company.

10 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2014			2013		
	Before-tax amount HK\$'000	Tax credit HK\$'000	Net-of-tax amount HK\$'000	Before-tax amount HK\$'000	Tax credit HK\$'000	Net-of-tax amount HK\$'000
Exchange differences on translation of financial statements of foreign operations	(4,157)	-	(4,157)	6,858	-	6,858
Reclassification adjustment upon disposal of subsidiaries (note 27)	-	-	-	(186)	-	(186)
Other comprehensive income	(4,157)	-	(4,157)	6,672	-	6,672

(b) Reclassification adjustment relating to components of other comprehensive income

	2014 HK\$'000	2013 HK\$'000
Exchange differences		
Reclassification adjustment for amounts transferred to profit or loss upon disposal of subsidiaries (note 27)	-	(186)
Tax credit	-	-
Net movement in the exchange reserve during the year recognised in other comprehensive income	-	(186)

11 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$48,635,000 (2013: HK\$22,229,000) and the weighted average number of 935,210,888 (2013: 491,667,464) ordinary shares in issue during the year, calculated as follows:

	2014	2013
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	935,133,217	444,633,217
Effect of new shares issued	77,671	47,034,247
Weighted average number of ordinary shares at 31 December	935,210,888	491,667,464

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2014 and 2013 were equal to the basic loss per share as the potential ordinary shares outstanding during the years had no dilutive effect on the basic loss per share for the years.

12 Segment reporting

The Group is principally engaged in direct investments, including financing, securities trading and asset investment, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

12 Segment reporting (continued)

(a) Segment results

Information regarding the Group's reportable segment as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

	Direct investments		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue	19,580	32,647	19,580	32,647
Segment results	10,140	29,773	10,140	29,773
Impairment loss on loan and other receivables	(16,621)	(19,463)	(16,621)	(19,463)
Share of loss of an associate	(22,494)	(1,062)	(22,494)	(1,062)
Share of net (losses)/profits of joint ventures	(2,174)	193	(2,174)	193
Unallocated corporate income			4,096	2,671
Central administrative costs and directors' remuneration			(21,589)	(31,381)
Loss before taxation			(48,642)	(19,269)

All of the segment revenue reported above is from external customers.

Segment results represent profit attributable to the segment without allocation of corporate income, central administrative costs and directors' remuneration.

These measures are reported to the Group's Office of Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

12 Segment reporting (continued)**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating segment:

	2014	2013
	HK\$'000	HK\$'000
Segment assets		
Direct investments	932,469	958,928
Total segment assets	932,469	958,928
Cash and cash equivalents	366,684	399,621
Unallocated assets	4,956	5,849
Consolidated assets	1,304,109	1,364,398
Segment liabilities		
Direct investments	–	31
Total segment liabilities	–	31
Unallocated liabilities	16,510	27,867
Consolidated liabilities	16,510	27,898

For the purposes of monitoring segment performance and allocating resources to segment:

- All assets are allocated to reportable segment other than property, plant and equipment, cash and cash equivalents, other non-current assets and the unallocated prepayments, deposits and other receivables; and
- All liabilities are allocated to reportable segment other than current taxation, amount due to a substantial shareholder, the unallocated accruals and other payables.

12 Segment reporting (continued)

(c) Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

For revenue from listed investments, allocation is based on the location of investments being listed. For revenue from unlisted investments, funds, provision of finance and advisory services, allocation is based on the location of investees or borrowers.

Non-current assets are allocated by geographical location of the assets.

	Revenue		Non-current assets (Note)	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	4,176	8,220	1,723	1,964
PRC	17,220	25,163	643,847	669,705
Others	(1,816)	(736)	-	-
	19,580	32,647	645,570	671,669

Note: Non-current assets excluded financial instruments.

13 Property, plant and equipment

(a) The Group

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
At 1 January 2014	3,735	3,632	2,251	9,618
Exchange adjustments	–	(13)	–	(13)
At 31 December 2014	3,735	3,619	2,251	9,605
At 1 January 2013	3,735	3,715	3,162	10,612
Derecognised on disposal of a subsidiary (note 27)	–	(98)	–	(98)
Disposals	–	–	(920)	(920)
Exchange adjustments	–	15	9	24
At 31 December 2013	3,735	3,632	2,251	9,618
Accumulated depreciation:				
At 1 January 2014	3,735	2,700	2,251	8,686
Charge for the year (Note)	–	283	–	283
Exchange adjustments	–	(12)	–	(12)
At 31 December 2014	3,735	2,971	2,251	8,957
At 1 January 2013	3,723	2,411	2,953	9,087
Charge for the year (Note)	12	373	120	505
Eliminated on disposal of a subsidiary (note 27)	–	(97)	–	(97)
Written back on disposals	–	–	(829)	(829)
Exchange adjustments	–	13	7	20
At 31 December 2013	3,735	2,700	2,251	8,686
Net book value:				
At 31 December 2014	–	648	–	648
At 31 December 2013	–	932	–	932

Note: For the year ended 31 December 2014 and 2013, these amounts represented the gross amount before expenses reimbursement arrangement under the Services Agreements.

13 Property, plant and equipment (continued)**(b) The Company**

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
At 31 December 2014, 1 January 2014 and 31 December 2013	3,735	3,108	1,387	8,230
Accumulated depreciation:				
At 1 January 2014	3,735	2,248	1,387	7,370
Charge for the year	–	241	–	241
At 31 December 2014	3,735	2,489	1,387	7,611
At 1 January 2013	3,723	1,991	1,387	7,101
Charge for the year	12	257	–	269
At 31 December 2013	3,735	2,248	1,387	7,370
Net book value:				
At 31 December 2014	–	619	–	619
At 31 December 2013	–	860	–	860

14 Investments in subsidiaries

	The Company	
	2014	2013
	HK\$'000	HK\$'000
Unlisted shares, at cost	538,503	538,503

14 Investments in subsidiaries (continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and operations	Class of share capital	Issued and paid up share capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Bowen Limited	Hong Kong	Ordinary	HK\$2	100%	100%	–	Investment holding
CIAM Investment (BVI) Limited	British Virgin Islands ("BVI")	Ordinary	USD100	100%	100%	–	Investment holding
事安投資諮詢(深圳)有限公司(Note)	PRC	Registered	RMB60,000,000	100%	–	100%	Investment consultancy services

Note: The company was previously known as 逸百年投資諮詢(深圳)有限公司. This company is a wholly foreign-owned enterprise established in the PRC.

15 Interest in associates and loan to an associate

	2014 HK\$'000	2013 HK\$'000
Share of net assets attributable to equity shareholders of an associate	77,308	98,144
Goodwill	458,291	458,291
	535,599	556,435
Loan to an associate (Note)	150,000	150,000
	685,599	706,435

Note: The amounts are non-interest bearing, unsecured and was matured on 23 September 2014. On 23 September 2014 and 29 December 2014, the Group entered into two supplemental agreements to extend the maturity date to 28 February 2015 with other terms remain unchanged. As at 31 December 2014, no impairment provision has been made for this loan (31 December 2013: Nil).

15 Interest in associates and loan to an associate (continued)

Particulars of the associates at 31 December 2014 are as follows:

Name of associate	Form of business structure	Place of incorporation and operations	Issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Agnita Limited ("Agnita")	Incorporated	BVI	USD10,000	41.5%	–	41.5%	Investment holding (Note)
天津銘度科技有限公司 ("Tianjin MTEC")	Incorporated	PRC	RMB12,500,000	20%	–	20%	Development, manufacturing and sale of electric bike driving units

Note: Agnita and its subsidiaries, a pioneer in the PRC to design and develop electric vehicles, possess a manufacturing license in the PRC with the plan to producing electric vehicles, which enables the Group to explore many other value chain investment opportunities surrounding new energy transportation.

Interest in Agnita is accounted for using the equity method in the consolidated financial statements.

Interest in Tianjin MTEC is exempted from applying the equity method and is recognised as a financial asset at fair value through profit or loss (note 17).

Summarised financial information of Agnita and Tianjin MTEC, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	Agnita		Tianjin MTEC	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<i>Gross amounts of the associates</i>				
Non-current assets	1,324,551	280,221	6,802	–
Current assets	321,028	387,571	20,036	–
Non-current liabilities	(8,781)	(9,521)	–	–
Current liabilities	(1,396,866)	(341,810)	(172)	–
Non-controlling interests	(53,648)	(79,970)	–	–
Net assets attributable to equity shareholders	186,284	236,491	26,666	–

15 Interest in associates and loan to an associate (continued)

	Agnita			Tianjin MTEC	
	Year ended 31 December 2014 HK\$'000	Year ended 31 December 2013 HK\$'000	Period from 27 November 2013 to 31 December 2013 HK\$'000	Year ended 31 December 2014 HK\$'000	Year ended 31 December 2013 HK\$'000
Revenue	5,597	24,521	1,562	650	–
Loss from continuing operations attributable to equity shareholders	(54,203)	(37,497)	(2,560)	(4,505)	–
Other comprehensive income attributable to equity shareholders	3,996	4,447	1,038	(2,987)	–
Total comprehensive income attributable to equity shareholders	(50,207)	(33,050)	(1,522)	(7,492)	–
Dividend received from the associates	–	–	–	–	–

	Agnita		Tianjin MTEC	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000

Reconciled to the Group's interests

Gross amounts of net assets attributable to equity shareholders	186,284	236,491	N/A	N/A
Group's effective interest	41.5%	41.5%	N/A	N/A
Group's share of net assets attributable to equity shareholders	77,308	98,144	N/A	N/A
Goodwill	458,291	458,291	N/A	N/A
Carrying amount in the consolidated financial statements	535,599	556,435	N/A	N/A

15 Interest in associates and loan to an associate (continued)

Acquisition of an associate

For the year ended 31 December 2014

In February 2014, the Group invested RMB15,000,000 (equivalent to approximately HK\$19,308,000) in cash into Tianjin MTEC to subscribe for 20% of the enlarged equity interest in Tianjin MTEC. Interest in Tianjin MTEC is exempted from applying the equity method and is recognised as a financial asset at fair value through profit or loss.

For the year ended 31 December 2013

In November 2013, the Group acquired 41.5% equity interest in Agnita and HK\$175,000,000 shareholder's loan to Agnita (which was subsequently capitalised) from five third parties. The consideration was satisfied by the issuance of 290,500,000 new shares (note 24(c)(iii)) at subscription price of HK\$1.25 per share ("Consideration Shares"). The fair value of the Consideration Shares, determined based on the closing share price of the Company of HK\$1.90 as quoted on the Stock Exchange on 27 November 2013, the completion date of the acquisition, of HK\$551,950,000 together with related direct transaction costs were recognised as the investment cost in Agnita. Upon acquisition, Agnita had been accounted for as an associate of the Group.

Except for the direct transaction costs incurred, this was a significant non-cash transaction for the purpose of the consolidated statement of cash flows.

Disposal of an associate

The equity interest in and loan to Agnita was subsequently disposed of in February 2015 (note 32(b)).

16 Interest in joint ventures

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Share of net assets	108,219	113,198

16 Interest in joint ventures (continued)

Details of the principal joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	Issued and paid up share capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
華能壽光風力發電有限公司 ("華能壽光")	Incorporated	PRC	RMB186,730,000	45%	–	45%	Investment, construction and operation of wind power electricity facility, development, generation and sale of wind power electricity; provision of consultancy and related services in respect of electricity projects

Summarised financial information of 華能壽光, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2014 HK\$'000	2013 HK\$'000
<i>Gross amounts of 華能壽光's</i>		
Non-current assets	492,533	541,728
Current assets	28,657	42,574
Non-current liabilities	(237,622)	(286,032)
Current liabilities	(44,896)	(48,888)
Net assets	238,672	249,382
<i>Included in the above assets and liabilities:</i>		
Cash and cash equivalents	2,300	11,085
Current financial liabilities (excluding trade and other payables and provisions)	(41,163)	(42,233)
Non-current financial liabilities (excluding trade and other payables and provisions)	(237,622)	(286,032)

16 Interest in joint ventures (continued)

	2014	2013
	HK\$'000	HK\$'000
Revenue	57,657	60,667
(Loss)/profit from continuing operations	(4,532)	825
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	(6,180)	6,926
Total comprehensive income	(10,712)	7,751
Dividend received from 華能壽光	-	21,802
<i>Included in the above profit:</i>		
Depreciation and amortisation	(24,871)	(24,940)
Interest income	97	338
Interest expense	(14,539)	(16,572)
Income tax expense	(195)	(630)

16 Interest in joint ventures (continued)

	2014	2013
	HK\$'000	HK\$'000
<i>Reconciled to the Group's interest in 華能壽光</i>		
Gross amounts of 華能壽光's net assets	238,672	249,382
Group's effective interest	45%	45%
Group's share of 華能壽光's net assets	107,402	112,222
Carrying amount in the consolidated financial statements	107,402	112,222
Aggregate information of joint venture that is not individually material:		
	2014	2013
	HK\$'000	HK\$'000
Aggregate carrying amount of individually immaterial joint venture in the consolidated financial statements	817	976
Aggregate amounts of the Group's share of this joint venture's		
– Loss from continuing operations	(135)	(178)
– Other comprehensive income	(24)	28
– Total comprehensive income	(159)	(150)

17 Financial assets at fair value through profit or loss

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current				
<i>Securities designated at fair value through profit or loss:</i>				
Unlisted debt securities with embedded options	28,296	28,295	28,296	28,295
Unlisted equity securities	18,711	–	–	–
	47,007	28,295	28,296	28,295
Current				
<i>Securities designated at fair value through profit or loss:</i>				
Unlisted fund	–	18,727	–	18,727
<i>Held-for-trading investments:</i>				
Listed equity securities				
– in Hong Kong	2,168	1,512	2,168	1,512
– outside Hong Kong	218	236	–	–
Unlisted funds	10,424	9,815	–	–
	12,810	11,563	2,168	1,512
	12,810	30,290	2,168	20,239

All listed and unlisted securities classified as financial assets at fair value through profit or loss are issued by corporate entities.

As at 31 December 2014, the Group's unlisted equity investment amounting to a fair value of HK\$18,711,000 (31 December 2013: HK\$Nil) was an investment in an associate, Tianjin MTEC (note 15). This investment was exempted from applying the equity method and was recognised as a financial asset at fair value through profit or loss.

18 Loan and other receivables

(a) Loan and other receivables less impairment allowances

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Property investments	506	483
Manufacturing	114,410	114,410
Mining	61,142	62,731
Gross loan receivables (Note)	176,058	177,624
Prepayments, deposits and other receivables	76,067	60,858
Individually assessed impairment allowances (note 18(b))	252,125 (170,087)	238,482 (153,959)
	82,038	84,523
Presented by:		
Non-current assets	475	451
Current assets	81,563	84,072
	82,038	84,523
	The Company	
	2014	2013
	HK\$'000	HK\$'000
Prepayments, deposits and other receivables	2,363	1,493

Note: Included in the balance were loans of HK\$61,142,000 (31 December 2013: HK\$62,731,000) granted by licensed banks incorporated in the PRC on behalf of the Group to external customers under entrusted arrangements which the Group bears the risk and reward.

All of the prepayments, deposits and other receivables classified as current assets are expected to be recovered or recognised in profit or loss within one year.

18 Loan and other receivables (continued)**(b) Movement in impairment allowances on loan and other receivables**

	The Group	
	2014	2013
	HK\$'000	HK\$'000
At 1 January	153,959	135,996
Impairment loss charged to profit or loss (Note, note 4)	16,621	19,463
Uncollectible amount written off	–	(1,500)
Exchange adjustment	(493)	–
At 31 December (note 18(a))	170,087	153,959

Note: The principal amount of an entrusted loan to a mining company of HK\$61,142,000 (31 December 2013: HK\$62,731,000) was past due as at 31 December 2014 (note 28(a)(i)). The total interest and consultancy fee income receivables in respect of this entrusted loan as at 31 December 2014 amounted to HK\$53,596,000 (31 December 2013: HK\$37,935,000). Based on the impairment assessment performed by management, an individually assessed impairment allowance of HK\$16,621,000 (2013: HK\$19,463,000) was additionally provided for the year ended 31 December 2014. As at 31 December 2014, accumulated impairment allowance amounted to HK\$35,591,000 (31 December 2013: HK\$19,463,000).

19 Other non-current assets

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Club debentures	1,104	1,104	979	979

20 Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

21 Cash and cash equivalents

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deposits placed with other financial institutions	1,331	1,431	216	202
Bank balances and cash	365,353	398,190	336,837	346,066
	366,684	399,621	337,053	346,268

22 Accruals and other payables

All accruals and other payables are unsecured and expected to be settled or recognised in profit or loss within one year or are repayable on demand.

23 Income tax in the statement of financial position**(a) Current taxation in the statement of financial position represents:**

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong Profits Tax				
Provision for the year	-	-	-	-
Outside Hong Kong				
Provision for profits tax for the year (note 6(a))	-	709	-	-
Provision for withholding tax for the year (note 6(a))	-	1,299	-	-
Tax paid	-	(1,299)	-	-
	-	709	-	-
Balance of profits tax provision relating to prior years	4,467	6,324	-	-
Exchange adjustments	(114)	118	-	-
	4,353	7,151	-	-

23 Income tax in the statement of financial position (continued)**(b) Deferred tax assets not recognised:**

In accordance with the accounting policy set out in note 1(l), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$495,255,000 (2013: HK\$460,838,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

24 Capital, reserves and dividends**(a) Movements in components of equity**

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

The Company

	Share premium HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2014	341,137	8,912	2,184	(243,318)	108,915
Changes in equity for 2014:					
Profit for the year	-	-	-	138,407	138,407
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	138,407	138,407
Shares issued under share option scheme (note 24(c)(iv))	935	(935)	-	-	-
Equity settled share-based transactions (note 25)					
- amortisation for the year	-	767	-	-	767
- transfer to accumulated losses upon lapsed	-	(7,051)	-	7,051	-
Balance at 31 December 2014	342,072	1,693	2,184	(97,860)	248,089

24 Capital, reserves and dividends (continued)**(a) Movements in components of equity** (continued)**The Company** (continued)

	Share premium HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2013	31,970	7,094	2,184	(218,375)	(177,127)
Changes in equity for 2013:					
Loss for the year	-	-	-	(25,091)	(25,091)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(25,091)	(25,091)
Issue of new shares (note 24(c)(iii))	309,167	-	-	-	309,167
Equity settled share-based transactions (note 25)					
– amortisation for the year	-	1,966	-	-	1,966
– transfer to accumulated losses upon forfeiture	-	(148)	-	148	-
Balance at 31 December 2013	341,137	8,912	2,184	(243,318)	108,915

(b) Dividends

No dividend had been paid or declared during the year in respect of previous financial year. The board of directors (the “Board”) does not recommend the payment of dividend for the years ended 31 December 2014 and 2013.

24 Capital, reserves and dividends (continued)**(c) Share capital****(i) Authorised and issued share capital**

	2014		2013	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
At 1 January	2,500,000,000	2,500,000	750,000,000	750,000
Increase in authorised share capital (note 24(c)(ii))	-	-	1,750,000,000	1,750,000
At 31 December	2,500,000,000	2,500,000	2,500,000,000	2,500,000
Ordinary shares, issued and fully paid:				
At 1 January	935,133,217	935,133	444,633,217	444,633
Issue of new shares (note 24(c)(iii))	-	-	490,500,000	490,500
Shares issued under share option scheme (note 24(c)(iv))	3,150,000	3,150	-	-
At 31 December	938,283,217	938,283	935,133,217	935,133

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

(ii) Increase in authorised share capital

By an ordinary resolution passed at the special general meeting held on 13 November 2013, the Company's authorised share capital was increased to HK\$2,500,000,000 by the creation of additional 1,750,000,000 ordinary shares of HK\$1.00 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

24 Capital, reserves and dividends (continued)**(c) Share capital** (continued)**(iii) New shares issued***Acquisition of an associate*

On 27 November 2013, the Company issued and allotted an aggregate of 290,500,000 shares to five third parties for the acquisition of 41.5% equity interest in Agnita and HK\$175,000,000 shareholder's loan to Agnita (note 15). Total value of the Consideration Shares of HK\$551,950,000 was determined based on the closing share price of the Company as quoted on the Stock Exchange on 27 November 2013, the completion date of the acquisition. HK\$290,500,000 was credited to share capital and the balance of HK\$261,450,000 was credited to the share premium account.

New subscriptions

On 27 November 2013, the Company issued and allotted an aggregate of 200,000,000 shares at a consideration of HK\$250,000,000 to three third parties under the subscription agreements dated 29 May 2013 upon the completion of the acquisition of Agnita. Total net proceeds of HK\$247,717,000 had been received from the subscriptions, of which HK\$200,000,000 was credited to share capital and the balance of HK\$47,717,000 was credited to the share premium account.

(iv) Shares issued under share option scheme

On 23 December 2014, 3,150,000 share options were exercised at the exercise price of HK\$1.00 per ordinary share, resulting in the issue of 3,150,000 ordinary shares for a total consideration of HK\$3,150,000 of which full amount was credited to share capital. HK\$935,000 has been transferred from the share option reserve to the share premium account in accordance with policy set out in note 1(k)(iii).

(v) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price	2014	2013
		Number of share options	Number of share options
9 September 2011 to 8 September 2014	HK\$1.79	–	11,715,000
18 April 2013 to 8 September 2014	HK\$1.79	–	1,200,000
15 April 2014 to 14 April 2016	HK\$1.00	5,700,000	8,850,000
		5,700,000	21,765,000

Further details of these options are set out in note 25 to the financial statements.

24 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(ii) Contributed surplus

Contributed surplus represents the difference between net assets of the companies acquired and the aggregate nominal value of shares issued by the Company under the scheme of arrangement in 1992.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(o).

(iv) Share option reserve

The share option reserve represents the grant date fair value of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 1(k)(iii).

(v) Other reserve

Other reserve arose as a result of (i) repurchase of the Company's listed securities, representing the excess of the nominal value of the shares repurchased over the consideration paid, (ii) goodwill reserve arising on acquisition of subsidiaries of the Company prior to 1 January 2005 and (iii) statutory surplus reserve for PRC subsidiaries.

Each PRC subsidiary is required to allocate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

(e) Distributability of reserves

At 31 December 2014 and 2013, the Company has no reserves available for distribution to equity shareholders of the Company.

24 Capital, reserves and dividends (continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group defines "capital" as including all components of equity. On this basis the amount of capital employed at 31 December 2014 was HK\$1,287,599,000 (31 December 2013: HK\$1,336,500,000).

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of the Companies Act 1981 of Bermuda. The results of the directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The Group was not subject to externally imposed capital requirements in either the current or prior year.

25 Equity settled share-based transactions

The Company operates a share option scheme (the "Share Option Scheme"), which was approved and adopted by the shareholders at the special general meeting of the Company on 12 October 2007 for the primary purpose of providing incentives or rewards to directors, eligible employees and other participants for their contribution to the Group. The Share Option Scheme will remain in force for ten years from the date of its adoption, unless otherwise cancelled or amended.

Under the Share Option Scheme, the Board of the Company may, at their absolute discretion, grant options to the following classes of participants, to subscribe for shares of the Company subject to the terms and conditions stipulated therein:

- (i) any employees or proposed employees (whether full-time or part-time and including any executive directors), consultants or advisers of or to the Company, any of its subsidiaries or any entity (the "Invested Entity") in which the Group holds an equity interest;
- (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (iii) any suppliers of goods or services to any members of the Group or any Invested Entity;
- (iv) any customers of the Group or any Invested Entity;

25 Equity settled share-based transactions (continued)

- (v) any person or entities that provide research, development, or other technological support to the Group or any Invested Entity; and
- (vi) any shareholders of any members of the Group or any Invested Entity, or any holders of any securities issued by any members of the Group or any Invested Entity.

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the Share Option Scheme. As at 31 December 2014, the total number of shares of the Company that may be issued upon exercise of all share options granted and yet to be exercised was 5,700,000 (31 December 2013: 21,765,000) representing approximately 0.6% (31 December 2013: 2.3%) of the issued share capital as at that date. The total number of shares issued and to be issued upon exercise of all share options granted to each participant in any 12-month period shall not exceed 1% of the shares of the Company then in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval at a general meeting.

The period within which a share option may be exercised under the Share Option Scheme will be determined by the Board at its absolute discretion, such that it shall end in any event not later than 10 years from the date of grant of the share option (the "Offer Date") subject to the provisions for early termination.

The exercise price in respect of the share option shall be at the discretion of the Board, save that it must be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Company's share. A consideration of HK\$1.00 is payable within 28 days from the Offer Date on acceptance of the offer of a share option.

25 Equity settled share-based transactions (continued)

The following table discloses movements of the Company's share options during the current year under the Share Option Scheme:

Name or category of participants	Date of grant	Vesting period	Exercise period	Exercise price HK\$	Number of shares under the share options				
					Outstanding at 1.1.2014	Lapsed during the year	Exercised during the year (Note (iv))	Outstanding at 31.12.2014	
Directors									
Dou Jianzhong	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	1,250,000	(1,250,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	1,250,000	-	(1,250,000)	-	
Lo Wing Yat	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	1,900,000	(1,900,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	1,900,000	-	(1,900,000)	-	
Huang Bin	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	400,000	(400,000)	-	-	
Hung Chi Yuen Andrew	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	(200,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	-	-	200,000	
Lu Zhicheng	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	(200,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	-	-	200,000	
Sit Fung Shuen Victor	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	(200,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	-	-	200,000	
Toh Hock Ghim	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	(200,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	-	-	200,000	
Wong Yau Kar David	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	(200,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	-	-	200,000	
Employees									
	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	5,565,000	(5,565,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	4,500,000	-	-	4,500,000	
	15.4.2013	(Note (iii))	18.4.2013 to 8.9.2014	1.79	1,200,000	(1,200,000)	-	-	
Other participants									
	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	1,600,000	(1,600,000)	-	-	
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	-	-	200,000	
Total						21,765,000	(12,915,000)	(3,150,000)	5,700,000

25 Equity settled share-based transactions (continued)

Notes:

- (i) The share options are subject to a vesting period of two years from the date of grant and were lapsed during the year.
- (ii) The share options are subject to a vesting period of one year from the date of grant and will be exercisable for a period of two years thereafter.
- (iii) The share options are exercisable immediately after acceptance of the offer until 8 September 2014.
- (iv) On 23 December 2014, 1,250,000 options and 1,900,000 options were exercised by Mr. Dou Jianzhong and Mr. Lo Wing Yat, directors of the Company, respectively to subscribe for a total of 3,150,000 ordinary shares in the Company.
- (v) The closing price of the shares of the Company immediately before 9 September 2009 and 15 April 2013, on which the share options were granted, were HK\$1.79 and HK\$0.89 per share respectively.
- (vi) All dates are shown day/month/year.

The fair value of the services received in return for the share options granted under the Share Option Scheme is measured by reference to the fair value of share options granted. The fair value of the options granted under the Share Option Scheme during the year ended 31 December 2013 was HK\$2,733,000. The estimate of the fair value of the share options granted is measured on the Black-Scholes Option Pricing Model (the "Model"). The contractual life of the share option is used as an input into the Model. Expectations of early exercise are incorporated into the Model.

Fair value of share options and assumptions:

	Share options with no vesting period	Share options with a vesting period of one year	Share options with a vesting period of two years
Fair value per share option at measurement date	HK\$0.09	HK\$0.30	HK\$0.59
Closing price on grant date	HK\$0.89	HK\$0.89	HK\$1.79
Exercise price	HK\$1.79	HK\$1.00	HK\$1.79
Expected volatility	90.599%	67.923%	63.725%
	per annum	per annum	per annum
Expected life of share options	–	1 year	2 years
Expected dividend yield	–	–	–
Risk-free interest rates (based on the period average yields of the Exchange Fund Notes of comparable terms issued by the Hong Kong Monetary Authority)	0.090%	0.183%	1.157%
	per annum	per annum	per annum

25 Equity settled share-based transactions (continued)

Fair value of share options and assumptions: (continued)

The expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Expenses recognised in the Group's financial statements as a result of granting share options amounted to HK\$767,000 (2013: HK\$1,966,000).

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option granted.

Subsequent to year end, all the outstanding share options as at 31 December 2014 issued under the Share Option Scheme were cancelled in exchange for the convertible bonds or shares issued by FDG Electric Vehicles Limited ("FDG", a company listed on the Stock Exchange) during a voluntary conditional offer as set out in note 32(a).

26 Employee retirement benefits

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Scheme ("the ORSO scheme") for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme and the ORSO scheme are defined contribution retirement plans administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014). Contributions to the plan vest immediately. The Group contributes 10% of relevant income to the ORSO scheme, with a vesting scale of 0%–100%, according to the years of service of relevant employees.

27 Disposal of subsidiaries

For the year ended 31 December 2013

During the year ended 31 December 2013, the Group disposed of its interests in certain wholly-owned subsidiaries to CIAM and its subsidiaries at a total consideration of HK\$349,000.

The following summaries the effect of the disposal in the consolidated financial statements:

	HK\$'000
Net liabilities disposed of:	
Cash and cash equivalents	129
Loans and other receivables	101
Amounts due to a shareholder	(242)
Accruals and other payables	(139)
Property, plant and equipment (note 13(a))	1
	<u>(150)</u>
Gain on disposal of subsidiaries	685
Exchange differences reclassified from equity to profit or loss upon disposal of subsidiaries (note 10)	(186)
	<u>349</u>
Net cash inflow arising on disposal of subsidiaries:	
Cash consideration	349
Cash and cash equivalents disposed of	(129)
	<u>220</u>

28 Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to loan to an associate, loan and other receivables and unlisted debt securities. The Group manages this risk as follows:

In respect of loan to an associate and loan and other receivables, individual credit evaluations are performed semi-annually on all loan receivables. The Group has policies and procedures to evaluate the potential credit risk of a particular counterparty. The Group also has a review process that ensures the proper level of review and approval depending on the size of the loan receivables granted.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes. Management does not expect any investment counterparty to fail to meet its obligations.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loan to an associate, unlisted debt securities and loan and other receivables are set out in notes 15, 17 and 18.

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures.

28 Financial risk management (continued)

(a) Credit risk (continued)

(i) Credit quality of loan to an associate and loan and other receivables

The credit quality of loan to an associate and loan and other receivables can be analysed as follows:

	The Group					
	Loan receivables		Prepayments, deposits and other receivables		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Loan to an associate						
– neither past due nor impaired	150,000	150,000	–	–	150,000	150,000
Gross loan and other receivables						
– neither past due nor impaired	506	480	27	2,204	533	2,684
– past due (note 18(b))	61,142	62,734	18,004	18,472	79,146	81,206
– impaired	114,410	114,410	55,677	39,549	170,087	153,959
	326,058	327,624	73,708	60,225	399,766	387,849

The ageing analysis of loan and other receivables that are past due is as follows:

	The Group					
	Loan receivables		Prepayments, deposits and other receivables		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Gross loan and other receivables that are past due						
– overdue 3 months or less	–	3	–	–	–	3
– over 1 year	61,142	62,731	18,004	18,472	79,146	81,203
	61,142	62,734	18,004	18,472	79,146	81,206

(ii) Collateral and other credit enhancements

The Group holds collateral against loan and other receivables in the form of second equitable mortgage, share charge, securities over mining license and assets, and guarantees. The Group considers that the credit risk arising from the loan and other receivables are significantly mitigated by the collaterals, with reference to their estimated market values as at 31 December 2014.

28 Financial risk management (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities or committed lines of funding (from major financial institutions or other group companies) to satisfy its contractual and reasonably foreseeable obligations as they fall due.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

2014

	The Group		
	Repayable on demand HK\$'000	Total HK\$'000	Carrying amount HK\$'000
Accruals and other payables	11,952	11,952	11,952
Amount due to a substantial shareholder	205	205	205
	12,157	12,157	12,157
	The Company		
	Repayable on demand HK\$'000	Total HK\$'000	Carrying amount HK\$'000
Accruals and other payables	10,549	10,549	10,549
Amounts due to subsidiaries	35,255	35,255	35,255
Amount due to a substantial shareholder	205	205	205
	46,009	46,009	46,009

28 Financial risk management (continued)**(b) Liquidity risk** (continued)

2013

	The Group		
	Repayable on demand HK\$'000	Total HK\$'000	Carrying amount HK\$'000
Accruals and other payables	18,119	18,119	18,119
Amount due to a substantial shareholder	2,597	2,597	2,597
Loan from a non-controlling shareholder	31	31	31
	20,747	20,747	20,747
Commitments	2,622	2,622	2,622
	23,369	23,369	23,369
	The Company		
	Repayable on demand HK\$'000	Total HK\$'000	Carrying amount HK\$'000
Accruals and other payables	15,571	15,571	15,571
Amounts due to subsidiaries	351,392	351,392	351,392
Amount due to a substantial shareholder	2,597	2,597	2,597
	369,560	369,560	369,560

28 Financial risk management (continued)**(c) Market risk**

The Group is exposed to market risk through its interest bearing financial instruments and holdings of foreign currency denominated financial assets and liabilities. Further information about the Group's exposure to these risks and how they are managed is provided below. There have been no changes in the methods and assumptions used to prepare the information about the sensitivity of the Group's financial instruments to changes in variables compared to last year.

(i) Interest rate risk

Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also relates to positions from assets with their value may be affected by the change in interest rates. The interest-sensitive positions is managed and monitored regularly, with an aim to control the interest rate risk.

The major interest bearing financial instruments and their range of effective interest rate before impairment allowance if any, are:

	The Group		The Company	
	2014	2013	2014	2013
	%	%	%	%
Loan receivables	6.00–28.50	6.00–30.00	N/A	N/A
Cash and cash equivalents	0.001–1.08	0.001–1.08	0.001–1.08	0.001–1.08

28 Financial risk management (continued)**(c) Market risk** (continued)**(i) Interest rate risk** (continued)

The following table indicates the mismatches of the expected interest repricing dates for interest bearing assets and liabilities at the end of the reporting period. Actual repricing dates may differ from the contractual dates owing to prepayments.

2014

	The Group				
	3 months or less (include overdue) HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year HK\$'000	Non- interest bearing HK\$'000	Total HK\$'000
Loan receivables	61,150	23	475	–	61,648
Loan to an associate	–	–	–	150,000	150,000
Cash and cash equivalents	364,437	–	–	2,247	366,684
	425,587	23	475	152,247	578,332

	The Company				
	3 months or less (include overdue) HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year HK\$'000	Non- interest bearing HK\$'000	Total HK\$'000
Cash and cash equivalents	334,931	–	–	2,122	337,053

28 Financial risk management (continued)**(c) Market risk** (continued)**(i) Interest rate risk** (continued)

2013

	The Group				
	3 months or less (include overdue) HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year HK\$'000	Non- interest bearing HK\$'000	Total HK\$'000
Loan receivables	63,214	–	–	–	63,214
Loan to an associate	–	–	–	150,000	150,000
Cash and cash equivalents	395,734	–	–	3,887	399,621
	458,948	–	–	153,887	612,835

	The Company				
	3 months or less (include overdue) HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year HK\$'000	Non- interest bearing HK\$'000	Total HK\$'000
Cash and cash equivalents	343,748	–	–	2,520	346,268

28 Financial risk management (continued)**(c) Market risk** (continued)**(i) Interest rate risk** (continued)*Sensitivity analysis*

The following table indicated the approximate changes in the Group's and the Company's (loss)/profit after tax in response to a general increase of 100 basis points in interest rates, at the end of the reporting period, with all other variables held constant. The extent of decrease in interest rates is expected to be minimal that the Group's and the Company's result would be affected by an insignificant amount.

	The Group		The Company	
	2014	2013	2014	2013
	Lower on	Lower on	Higher on	Lower on
	loss after tax	loss after tax	profit after tax	loss after tax
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Increase of 100 basis points in interest rates	4,036	4,305	3,349	3,437

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or minimal decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis was performed on the same basis for 2013.

(ii) Currency risk

The following table details the Group's material exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Difference resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

28 Financial risk management (continued)**(c) Market risk** (continued)**(ii) Currency risk** (continued)**2014**

	The Group			The Company		
	United States Dollars HK\$'000	Singapore Dollars HK\$'000	Renminbi HK\$'000	United States Dollars HK\$'000	Singapore Dollars HK\$'000	Renminbi HK\$'000
Financial asset at fair value through profit or loss	38,812	-	18,710	28,296	-	-
Cash and cash equivalents	51,903	1,913	4,542	50,799	1,913	4,542
Amounts due from subsidiaries	-	-	-	2,406	-	-
Amounts due to subsidiaries	-	-	-	-	(2,109)	(678)
Net exposure arising from recognised assets and liabilities	90,715	1,913	23,252	81,501	(196)	3,864

2013

	The Group			The Company		
	United States Dollars HK\$'000	Singapore Dollars HK\$'000	Renminbi HK\$'000	United States Dollars HK\$'000	Singapore Dollars HK\$'000	Renminbi HK\$'000
Financial asset at fair value through profit or loss	37,754	437	-	28,295	-	-
Cash and cash equivalents	52,734	2,040	30	51,516	2,040	30
Amounts due from subsidiaries	-	-	-	1,025	-	1,504
Amounts due to subsidiaries	-	-	-	(7,777)	(2,166)	(2,199)
Net exposure arising from recognised assets and liabilities	90,488	2,477	30	73,059	(126)	(665)

28 Financial risk management (continued)**(c) Market risk** (continued)**(ii) Currency risk** (continued)

For purchases denominated in foreign currencies the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Sensitivity analysis

The following table indicates the approximate change in the Group's and the Company's profit/(loss) after tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	The Group			
	2014		2013	
	Higher/(lower) in foreign exchange rates	(Higher)/lower on loss after tax HK\$'000	Higher/(lower) in foreign exchange rates	(Higher)/lower on loss after tax HK\$'000
Singapore Dollars	10% (10)%	191 (191)	10% (10)%	248 (248)
Renminbi	10% (10)%	2,325 (2,325)	10% (10)%	3 (3)

	The Company			
	2014		2013	
	Higher/(lower) in foreign exchange rates	Higher/(lower) on profit after tax HK\$'000	Higher/(lower) in foreign exchange rates	(Higher)/lower on loss after tax HK\$'000
Singapore Dollars	10% (10)%	(20) 20	10% (10)%	(13) 13
Renminbi	10% (10)%	387 (387)	10% (10)%	(67) 67

28 Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis (continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's and the Company's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next end of the reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the USD against other currencies. The analysis was performed on the same basis for the year ended 31 December 2013.

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss (see note 17).

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment (stock-specific) or its issuer, or factors affecting all instruments (generic risks) trade in the market.

The Group's listed investments are listed on the Stock Exchange and other overseas recognised stock exchanges. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the stock market index and other industry indicators, as well as the Group's liquidity needs.

The Group's unquoted investments are held for strategic purposes. Their performance is assessed at least bi-annually based on the information available to the Group, together with an assessment of their relevance to the Group's strategic plans.

28 Financial risk management (continued)

(d) Equity price risk (continued)

Sensitivity analysis

The following table indicates the approximate changes in the Group's and the Company's (loss)/profit after tax in response to possible changes in the listed equity securities at the end of the reporting period, the effect of which will be classified as unrealised gain or loss on trading securities.

	The Group			
	2014		2013	
	Higher/(lower) in quoted market price	(Higher)/lower on loss after tax HK\$'000	Higher/(lower) in quoted market price	(Higher)/lower on loss after tax HK\$'000
Listed equity securities	10% (10)%	199 (199)	10% (10)%	146 (146)

	The Company			
	2014		2013	
	Higher/(lower) in quoted market price	(Higher)/lower on profit after tax HK\$'000	Higher/(lower) in quoted market price	(Higher)/lower on loss after tax HK\$'000
Listed equity securities	10% (10)%	181 (181)	10% (10)%	126 (126)

The sensitivity analysis has been determined assuming that the possible changes had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. The analysis was performed on the same basis for the year ended 31 December 2013.

29 Fair values measurement of financial instruments

(a) Financial instruments measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

29 Fair values measurement of financial instruments (continued)

(a) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by different investment division general managers performing valuations for the financial instruments, including unlisted debt securities and the conversion option embedded in convertible notes which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the management. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the management. Discussion of the valuation process and results with the management is held twice a year, to coincide with the reporting dates.

2014

	The Group				The Company			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Held-for-trading investments:								
– Listed equity securities	2,386	-	-	2,386	2,168	-	-	2,168
– Unlisted funds	-	10,424	-	10,424	-	-	-	-
Financial assets designated at fair value through profit or loss:								
– Unlisted debt securities with embedded options	-	-	28,296	28,296	-	-	28,296	28,296
– Unlisted equity securities	-	-	18,711	18,711	-	-	-	-
	2,386	10,424	47,007	59,817	2,168	-	28,296	30,464

29 Fair values measurement of financial instruments (continued)**(a) Financial instruments measured at fair value** (continued)**(i) Fair value hierarchy** (continued)

2013

	The Group				The Company			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Held-for-trading investments:								
– Listed equity securities	1,748	–	–	1,748	1,512	–	–	1,512
– Unlisted funds	–	9,815	–	9,815	–	–	–	–
Financial assets designated at fair value through profit or loss:								
– Unlisted debt securities with embedded options	–	–	28,295	28,295	–	–	28,295	28,295
– Unlisted funds	–	18,727	–	18,727	–	18,727	–	18,727
	1,748	28,542	28,295	58,585	1,512	18,727	28,295	48,534

During the years ended 31 December 2013 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

Fair value of unlisted funds in Level 2 is determined based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs at the end of the reporting period without any deduction for transaction costs. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

29 Fair values measurement of financial instruments (continued)**(a) Financial instruments measured at fair value** (continued)**(iii) Information about Level 3 fair value measurements**

The fair value of unlisted debt securities with embedded options and unlisted equity securities are estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors, adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2014, if the discount for lack of marketability had been 5% higher/lower, with all other variables held constant, the Group's loss after tax for the year would have been HK\$1,939,000 (2013: HK\$337,000) higher/lower.

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2014 HK\$'000	2013 HK\$'000
Unlisted debt securities with embedded options:		
At 1 January	28,295	28,287
Changes in fair value recognised in profit or loss during the period	1	8
At 31 December	28,296	28,295
Total gain or loss for the period included in profit or loss for assets held at the end of the reporting period	1	8

29 Fair values measurement of financial instruments (continued)**(a) Financial instruments measured at fair value** (continued)**(iii) Information about Level 3 fair value measurements** (continued)

	2014 HK\$'000	2013 HK\$'000
Unlisted equity securities:		
At 1 January	–	–
Payment for purchase	19,308	–
Exchange adjustment	(597)	–
	<hr/>	<hr/>
At 31 December	18,711	–
	<hr/>	<hr/>
Total loss for the year included in other comprehensive income for assets held at the end of the reporting period	(597)	–
	<hr/>	<hr/>

The gains or losses arising from the remeasurement of the unlisted debt securities with embedded options are presented in “net (loss)/gain on financial assets designated at fair value through profit or loss” in the consolidated statement of comprehensive income.

The gain or loss arising from the remeasurement (excluding exchange adjustment) of the unlisted equity securities are presented in “net (loss)/gain on financial assets designated at fair value through profit or loss” in the consolidated statement of comprehensive income. Exchange adjustment of the unlisted equity securities is presented in “exchange differences on translation of financial statements of foreign operations” in the consolidated statement of comprehensive income.

(b) Fair values of financial assets and liabilities carried at other than fair value

All of the carrying amounts of the Group’s financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013.

30 Commitments

- (a) Capital commitments outstanding for investments at 31 December 2014 not provided for in the financial statements were as follows:

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted for	-	2,622	-	-

- (b) At 31 December 2014, total future minimum lease payments under non-cancellable operating lease for properties are payable as follows:

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	-	131	-	-

The Group was the lessee in respect of a property held under operating lease. The lease typically run for an initial period of two years, with an option to renew the lease for a further period of one year when all terms are renegotiated.

31 Material related party transactions

(a) Transactions with related companies

During the year, the Group had transactions with related parties as follows:

	Note	The Group		The Company	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Gain on disposal of subsidiaries to a substantial shareholder and its subsidiaries		-	685	-	-
Expenses reimbursed from a substantial shareholder	(i)	3,318	4,113	3,318	4,092
Expenses reimbursed to a substantial shareholder	(i)	(12,933)	(16,332)	(12,933)	(16,332)

The directors consider the above transactions were entered in the normal course of the Group's business.

(b) Balances with related companies

	Note	The Group		The Company	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Amount due to a substantial shareholder	(ii)	205	2,597	205	2,597
Loan from a non-controlling shareholder		-	31	-	-
Loan to an associate	(ii)	150,000	150,000	-	-

The directors consider the above transactions were entered in the normal course of the Group's business.

Notes:

- (i) The amount represented expenses reimbursed from/(to) a substantial shareholder under the Services Agreements.
- (ii) The amounts are non-interest bearing, unsecured and is expected to be settled within one year.

31 Material related party transactions (continued)

(c) Key management personnel compensation

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

	2014	2013
	HK\$'000	HK\$'000
Short-term employment benefits	10,784	9,753
Post-employment benefits	473	536
Equity compensation benefits	286	1,840
	11,543	12,129

The amounts represented the net amounts after expenses reimbursement arrangement under the Former Services Agreements.

The remuneration of directors and key executives is determined by the Nomination and Remuneration Committee having regard to the performance of individuals and market trends.

Total remuneration is included in "staff costs" (see note 5(a)).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transaction in relation to the provision of certain services between the Group and CIAM constituted connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Report of the Directors.

32 Non-adjusting event after the reporting period

(a) Change of ultimate and immediate controlling party of the Company

A joint announcement was made by the Company, FDG and Sinopoly Strategic Investment Limited (“Sinopoly”, a wholly-owned subsidiary of FDG) on 2 November 2014 in respect of the proposed voluntary conditional offer (the “Offer”) to acquire all the issued shares of the Company and to cancel the share options granted by the Company under the Share Option Scheme (note 25) in exchange for the convertible bonds which are convertible into new FDG shares.

The composite offer and response document relating to the Offer was issued on 30 January 2015 and the Offer became unconditional as to acceptances on 3 February 2015, following Sinopoly had received valid acceptance to the Offer, together with the shares of the Company acquired or agreed to be acquired before or during the Offer by Sinopoly, resulted in Sinopoly and persons acting in concert with Sinopoly holding more than 50% of the voting rights of the Company.

The Offer was closed on 23 February 2015. Sinopoly received valid acceptances in respect of 89.54% of the issued share capital of the Company, and all outstanding share options were cancelled. FDG and Sinopoly became the ultimate and immediate controlling party of the Company thereafter respectively.

(b) Disposal of the equity interest in and loan to Agnita

Pursuant to the conditional sale and purchase agreement dated 31 October 2014 and supplemented by the subsequent letter agreements dated 29 December 2014 and 27 January 2015 (collectively the “Sale and Purchase Agreement”), entered into among FDG, Preferred Market Limited (“Preferred Market”, a wholly-owned subsidiary of FDG), CIAM Investment (BVI) Limited (“CIAM BVI”, a wholly-owned subsidiary of the Company) and the Company, the Group conditionally agrees (i) to sell to Preferred Market and Preferred Market conditionally agrees to purchase from CIAM BVI 41.5% of the issued share capital of Agnita, an associate of the Group with a carrying value of HK\$535,599,000 as at 31 December 2014 (note 15), and all rights and benefits in the shareholder’s loan in the principal amount of HK\$150,000,000 extended by CIAM BVI (note 15); and (ii) to the cancellation of the call option for 8.5% of the issued share capital in Agnita, granted to CIAM BVI by Preferred Market (collectively the “Agnita Transaction”), at a consideration of HK\$520,000,000, which will be settled by HK\$150,000,000 in cash and the balance of HK\$370,000,000 by the issue of the FDG 3-year secured bonds with 8% coupon per annum to CIAM BVI, the Company or other wholly-owned subsidiary of the Company. One of the conditions precedent under the Sale and Purchase Agreement for the Agnita Transaction is the Offer discussed in note 32(a) has to become unconditional as to acceptances. Full details of the Agnita Transaction are covered in the circular of the Company dated 5 December 2014.

All conditions precedent under the Sale and Purchase Agreement have been satisfied and completion of the Agnita Transaction took place on 27 February 2015. As a result, the Group recognized a loss of approximately HK\$160,000,000 upon completion of the Agnita Transaction.

Before the Offer became unconditional as to acceptances on 3 February 2015, FDG, through Preferred Market, indirectly held 58.5% equity interest in Agnita. Upon completion of the Agnita Transaction on 27 February 2015, FDG, through Preferred Market, indirectly held 100% equity interest in Agnita.

33 Accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the financial statements therefore present the financial position and results fairly, in all material respects. Management has discussed with the Audit Committee the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies.

Key sources of estimation uncertainty

(i) Loan and other receivables

Loans portfolios are reviewed periodically to assess whether impairment losses exist. The Group makes judgements as to whether there is any objective evidence that a loan portfolio is impaired, i.e. whether there is a decrease in estimated future cash flows. Objective evidence for impairment includes observable data that the payments status of borrowers in a group has adversely changed. It may also include observable data in local or economic conditions that correlate with defaults on the assets in the Group. If management has determined, based on their judgement, that objective evidence of impairment exists, expected future cash flows are estimated based on historical loss experience for assets with credit risk characteristics similar to those of the Group. Historical loss experience is adjusted on the basis of the current observable data. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss experience.

(ii) Unlisted investments

The fair values of unlisted debt securities with embedded option and financial assets at fair value through profit or loss are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the underlying sample chosen. The valuation methodologies and the source of the parameters adopted by the Group are discussed in notes 29(a)(ii) and (iii).

The Group held certain investments with carrying value of HK\$10,424,000 (31 December 2013: HK\$28,542,000) in unlisted funds. The fair values of these investments were determined by the manager or trustee of the fund in the absence of a readily ascertainable market value. Management was of the opinion that this estimated fair value may differ significantly from the value that would have been used had a ready market existed, and the difference could be material.

(iii) Carried interest provision

Carried interest accruals are calculated based on hypothetical share of profits by eligible employees taking into account the cash already distributed from the Group and the amount of divestment proceeds receivable or to be received upon disposal. The Group recognises a provision based on estimated fair value of its assets at the end of the reporting period in accordance with the methodology as stated in note 29. Carried interest will be distributed to the eligible employees upon realisation of the investments.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 19, <i>Defined benefit plans: Employee contributions</i>	1 July 2014
Amendments to HKFRS 11, <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

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

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Group's first financial year commencing after 3 March 2014 (i.e. the Group's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

Unaudited Supplemental Information

Five-year Financial Summary

Results

	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue	19,580	32,647	22,067	29,107	85,284
(Loss)/profit before taxation	(48,642)	(19,269)	(10,412)	(120,808)	45,890
Income tax	-	(2,960)	(4,279)	(10,645)	(1,952)
(Loss)/profit for the year	(48,642)	(22,229)	(14,691)	(131,453)	43,938
Attributable to:					
Equity shareholders of the Company	(48,635)	(22,229)	(14,687)	(131,455)	44,149
Non-controlling interests	(7)	-	(4)	2	(211)
(Loss)/profit for the year	(48,642)	(22,229)	(14,691)	(131,453)	43,938

Assets and liabilities

	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Total assets	1,304,109	1,364,398	574,183	663,386	869,026
Total liabilities	(16,510)	(27,898)	(23,759)	(102,335)	(174,184)
	1,287,599	1,336,500	550,424	561,051	694,842
Equity attributable to equity shareholders of the Company	1,287,599	1,336,460	550,384	561,189	694,982
Non-controlling interests	-	40	40	(138)	(140)
Total equity	1,287,599	1,336,500	550,424	561,051	694,842



CIAM Group Limited
事安集團有限公司