中國投資基金有限公司
CHINA INVESTMENT FUND COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 00612

2015
Interim Report

INTERIM RESULTS

The Board (the "Board") of Directors (the "Directors") of China Investment Fund Company Limited (the "Company") is pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015. The consolidated financial statements have been audited by the Company's auditor and reviewed by the audit committee of the Company.

INDEPENDENT AUDITOR'S REPORT

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

TO THE BOARD OF DIRECTORS OF CHINA INVESTMENT FUND COMPANY LIMITED
中國投資基金有限公司
(Incorporated as an exempted company in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Investment Fund Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 83, which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months 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 the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2015, and of its loss and cash flows for the six months then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLM CPA Limited
Certified Public Accountants
Ho Pak Tat
Practising Certificate Number: P05215
Hong Kong

31 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	six months ended 30 June 2015 HK$	2014 HK$ (unaudited)
Revenue	6	**27,485**	815,872
Net realised gain on disposal of available-for-sale financial assets		**3,270,656**	6,648,859
Net realised gain on disposal of financial assets at fair value through profit or loss		**4,337,324**	441,032
Net gain arising on revaluation of financial assets at fair value through profit or loss		**23,171,956**	264
		30,807,421	7,906,027
Other income	6	**24,342**	26,026
Loss on disposal of subsidiaries	28	**(318,338)**	—
Administrative expenses		**(32,989,133)**	(13,135,994)
Finance costs	8	**(259,463)**	(64)
Loss before tax	9	**(2,735,171)**	(5,204,005)
Income tax expense	10	**(4,174,253)**	—
Loss for the period attributable to owners of the Company		**(6,909,424)**	(5,204,005)
Loss per share	13		
— Basic (HK cents)		**(0.87)**	(0.68)
— Diluted (HK cents)		**(0.87)**	(0.68)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
Loss for the period attributable to owners of the Company	**(6,909,424)**	(5,204,005)
Other comprehensive income (expenses)		
Items that are/may be reclassified subsequently to profit or loss:		
Exchange gain on translation of available-for-sale financial assets	**–**	4,262
Net fair value gains (losses) arising on revaluation of available-for-sale financial assets	**80,647,400**	(15,820,443)
Reclassification of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	**10,268,608**	(7,094,521)
Other comprehensive income (expenses) for the period, net of tax	**90,916,008**	(22,910,702)
Total comprehensive income (expenses) for the period attributable to owners of the Company	**84,006,584**	(28,114,707)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	At 30 June 2015 HK$	At 31 December 2014 HK$
Non-current assets			
Furniture, fixtures and equipment	14	**995,725**	4,348,713
Available-for-sale financial assets	15	**129,742,600**	59,932,200
		130,738,325	64,280,913
Current assets			
Prepayments, deposits and other receivables	16	**20,417,485**	26,122,506
Financial assets at fair value through profit or loss	17	**77,347,840**	9,031,600
Cash and cash equivalents	18	**113,681,325**	38,769,130
		211,446,650	73,923,236
Current liabilities			
Accruals and other payables	19	**4,957,647**	796,074
Tax payable	10	**350,880**	—
		5,308,527	796,074
Net current assets		**206,138,123**	73,127,162
Total assets less current liabilities		**336,876,448**	137,408,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 (continued)

	Notes	At 30 June 2015 HK$	At 31 December 2014 HK$
Non-current liabilities			
Interest bearing loan notes	20	**29,701,590**	—
Deferred tax liabilities	21	**3,823,373**	—
		33,524,963	—
Net assets		**303,351,485**	137,408,075
Capital and reserves			
Share capital	22	**45,906,000**	38,256,000
Reserves		**257,445,485**	99,152,075
Equity attributable to owners of the Company		**303,351,485**	137,408,075
Net asset value per share	13	**0.33**	0.18

The consolidated financial statements on pages 5 to 83 were approved and authorised for issue by the Board of Directors on 31 August 2015 and are signed on its behalf by:

Luk Hong Man, Hammond
Director

Zhang Xi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company						
	Share capital HK$	Share premium HK$	Exchange reserve HK$	Share option reserve HK$	Available-for-sale financial assets revaluation reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2015 (audited)	**38,256,000**	**197,332,138**	**–**	**–**	**(10,669,419)**	**(87,510,644)**	**137,408,075**
Issue of ordinary shares under placing of shares	**7,650,000**	**63,495,000**	**–**	**–**	**–**	**–**	**71,145,000**
Transaction costs attributable to issue of ordinary shares	**–**	**(1,067,174)**	**–**	**–**	**–**	**–**	**(1,067,174)**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**11,859,000**	**–**	**–**	**11,859,000**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(6,909,424)**	**(6,909,424)**
Other comprehensive income (expenses) for the period:							
Net fair value gain arising on revaluation of available-for-sale financial assets	**–**	**–**	**–**	**–**	**80,647,400**	**–**	**80,647,400**
Reclassification of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	**–**	**–**	**–**	**–**	**10,268,608**	**–**	**10,268,608**
Total comprehensive income (expenses) for the period	**–**	**–**	**–**	**–**	**90,916,008**	**(6,909,424)**	**84,006,584**
At 30 June 2015 (audited)	**45,906,000**	**259,759,964**	**–**	**11,859,000**	**80,246,589**	**(94,420,068)**	**303,351,485**
At 1 January 2014 (audited)	38,256,000	197,332,138	(4,014)	–	3,770,617	(51,911,208)	187,443,533
Loss for the period	–	–	–	–	–	(5,204,005)	(5,204,005)
Other comprehensive income (expenses) for the period:							
Exchange gain on translation of available-for-sale financial asset	–	–	4,262	–	–	–	4,262
Net loss arising on revaluation of available-for-sale financial assets	–	–	–	–	(15,820,443)	–	(15,820,443)
Reclassification of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	–	(7,094,521)	–	(7,094,521)
Total comprehensive income (expenses) for the period	–	–	4,262	–	(22,914,964)	(5,204,005)	(28,114,707)
At 30 June 2014 (unaudited)	38,256,000	197,332,138	248	–	(19,144,347)	(57,115,213)	159,328,826

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	six months ended 30 June **2015** **HK$**	 2014 HK$ (unaudited)
Cash flows from operating activities			
Loss before tax		**(2,735,171)**	(5,204,005)
Adjustments for:			
Depreciation of furniture, fixtures and equipment	14	**630,980**	814,916
Equity-settled share-based payment		**11,859,000**	–
Interest income		**(11,985)**	(11,439)
Interest expense		**259,463**	64
Dividend income		**(15,500)**	(804,433)
Loss on disposal of subsidiaries	28	**318,338**	–
Loss on disposal of furniture, fixtures and equipment		**–**	6,658
Net realised gain on disposal of available-for-sale financial assets		**(3,270,656)**	(6,648,859)
Net realised gain on disposal of financial assets at fair value through profit or loss		**(4,337,324)**	(441,032)
Net gain arising on revaluation of financial assets at fair value through profit or loss		**(23,171,956)**	(264)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015 (continued)

	six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
Operating cash flows before movements in working capital	**(20,474,811)**	(12,288,394)
Decrease (increase) in prepayments, deposits and other receivables	**5,705,005**	(722,773)
Increase (decrease) in accruals and other payables	**3,907,406**	(1,738,000)
Proceeds on disposal of financial assets at fair value through profit or loss	**15,423,680**	7,350,168
Proceeds on disposal of available-for-sale financial assets	**54,934,464**	46,064,210
Purchase of financial assets at fair value through profit or loss	**(56,230,640)**	(6,696,563)
Purchase of available-for-sale financial assets	**(30,558,200)**	(748,267)
Cash (used in) generated from operations	**(27,293,096)**	31,220,381
Interest paid	**(76)**	(64)
Interest received	**11,985**	11,439
Dividend received	**15,500**	773,427
Net cash (used in) generated from operating activities	**(27,265,687)**	32,005,183

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015 (continued)

		six months ended 30 June	
	Notes	**2015 HK$**	2014 HK$ (unaudited)
Cash flows from investing activities			
Net cash inflow from disposal of subsidiaries	28	**2,403,686**	–
Purchase of furniture, fixtures and equipment		**–**	(437,000)
Proceeds on disposal of furniture, fixtures and equipment		**–**	2,000
Net cash generated from (used in) investing activities		**2,403,686**	(435,000)
Cash flows from financing activities			
Net proceeds from issue of shares		**70,077,826**	–
Net proceeds from issue of interest bearing loan notes		**29,696,370**	–
Net cash generated from financing activities		**99,774,196**	–
Net increase in cash and cash equivalents		**74,912,195**	31,570,183
Cash and cash equivalents at 1 January		**38,769,130**	18,422,121
Cash and cash equivalents at 30 June	18	**113,681,325**	49,992,304
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**113,681,325**	49,992,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited since 2 January 2002. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is at 23/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong. The principal place of business changed to Suites 2701, 27th Floor, One International Finance Centre, No 1 Harbour View Street, Central, Hong Kong on 2 July 2015.

The principal activities of the Company and its subsidiaries are engaged in investing in listed and unlisted securities. The principal activities of its subsidiaries are set out in note 29 to the consolidated financial statements.

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

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

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]

[1] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

- With regard to the measurement of financial liabilities designated at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company do not anticipate that the application of HKFRS 9 will have a material impact of the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

The Directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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

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

Except as described in note 2, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 June 2015 are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

The principal accounting policies are set out below.

(a) Basis of consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of consolidation* (continued)

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) ***Basis of consolidation*** (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

(b) ***Revenue recognition***

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Revenue recognition* (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is recognised using the effective interest rate.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

(c) *Furniture, fixtures and equipment*

Furniture, fixtures and equipment including leasehold improvements, office equipment and motor vehicles held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange difference arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

(e) Leases

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(g) Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

(h) Share-based payment arrangements

Equity-settled share-based payment to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date using the Binomial Option Pricing Model taking into account the terms and conditions upon which the option were granted. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Share-based payment arrangements (continued)

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

(i) Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) ***Taxation*** (continued)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Taxation (continued)

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

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

(j) Impairment of tangible assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of tangible assets (continued)

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

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

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

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

Financial assets

The Group has classified its financial assets in the following specified categories: (i) financial assets at fair value through profit or loss ("FVTPL"), (ii) available-for-sale ("AFS") financial assets and (iii) loans and receivables. All recognised financials assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "revenue" line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 5.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain items as AFS financial assets on initial recognition of those items.

Equity and debt securities held by the Group that are classified as AFS financial assets are initially recognised and subsequently measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale financial assets revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative fair value adjustments previously accumulated in the available-for-sale financial assets revaluation reserve is reclassified to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) ***Financial instruments*** (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

For certain categories of financial assets, such as other receivables and deposits, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) ***Financial instruments*** (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of available-for-sale financial assets revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) ***Financial instruments*** (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Interest bearing loan notes

Interest bearing loan notes are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest bearing loan notes are stated at amortised cost with any difference between the amount initially recognised together with any interest and fee payable, using the effective interest method.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) *Financial instruments* (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) ***Financial instruments*** (continued)

Financial liabilities and equity instruments (continued)

Derecognition (continued)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognised on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

(m) ***Due from and due to brokers***

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the consolidated statement of financial position date respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand which are subject to an insignificant risk of changes in value, having been within three months of maturing at acquisition. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at bank which are not restricted to use.

(o) Related parties

A related party is a person or entity that is related to the Group.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Related parties (continued)

(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 other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation

The Group depreciates the furniture, fixtures and equipment over their estimated useful life and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's furniture, fixtures and equipment. The residual values reflect the Directors' estimated amount that the Group would currently obtain from the disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Deferred tax liabilities

At 30 June 2015, HK$3,823,373 (31 December 2014: HK$ nil) has been recognised as deferred tax liabilities due to net gain arising on revaluation of financial assets at fair value through profit or loss.

At the end of the reporting period, the Group has unused tax loss of HK$92,285,608 (31 December 2014: HK$79,529,835) available for offset against future profits. No deterred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The tax losses do not expire under the current tax legislation and may be carried forward indefinitely.

5. FINANCIAL RISKS MANAGEMENT

The management of financial risks is carried out by the investment manager and/or the Board of Directors.

The Group's major financial instruments include financial assets at FVTPL, AFS financial assets, deposits and other receivables, cash and cash equivalents and interest bearing loan notes. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include equity price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

5. FINANCIAL RISKS MANAGEMENT (continued)

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risk.

5.1 Classifications and fair value of financial assets and financial liability

The table below provided a reconciliation of the line items in the consolidated statement of financial position to the categories of financial instruments.

	At 30 June 2015 HK$	At 31 December 2014 HK$
Financial assets		
Financial assets at FVTPL	**77,347,840**	9,031,600
AFS financial assets	**129,742,600**	59,932,200
Loans and receivables (including cash and cash equivalents)	**131,642,787**	63,704,936
Financial liability		
Amortised cost	**29,701,590**	—

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

5. FINANCIAL RISKS MANAGEMENT (continued)

5.2 Risk management

(a) Equity price risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The Group's strategy for the management of equity price risk is driven by the Group's investment objective. The Group's equity price risk is managed on a daily basis by the investment manager and the Board of Directors in accordance with policies and procedures in place. The Group's market positions are monitored on a regular basis by the Board of Directors, and the investments in equity of other entities are Hong Kong listed securities. Decisions to buy or sell financial assets are based on daily monitoring of the performance of individual financial assets compared to that of the relevant stock market index and other industry indicators, as well as the Group's liquidity needs. To manage its price risk arising from the financial assets, the Group maintains a portfolio of diversified investments in terms of industry distribution such as manufacturing and financial services. In addition, the Group's management and investment manager have monitored price risk and will consider hedging of the risk exposure if necessary.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to financial assets price risk at the reporting date. For sensitivity analysis purpose, the sensitivity rate remained at 15% in the current period.

If financial assets prices had been 15% higher/lower (30 June 2014: 15%), loss for the period ended 30 June 2015 would decreased/increased by HK$11,602,176 (loss for the period ended 30 June 2014: HK$3,358) which is mainly due to the changes in fair value of financial assets at FVTPL. Also, if the fair value of the AFS financial assets had increased/decreased by 15% (30 June 2014: 15%) and all other variables were held constant, the other comprehensive income would increased/decreased by HK$19,461,390 (other comprehensive income for the period ended 30 June 2014: HK$15,167,266).

5.2 Risk management (continued)

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of AFS financial assets, financial assets at FVTPL, other receivables and bank balances.

The Group limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings which the Group considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by broker.

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's investment in listed securities are considered readily realisable, as all securities are listed on Hong Kong Stock Exchange.

5. FINANCIAL RISKS MANAGEMENT (continued)

5.2 Risk management (continued)

(c) Liquidity risk (continued)

The following table details the Group's contractual maturity for its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities based on the earliest date on which the Group be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. The undiscounted amount is derived from interest rate curve at the end of the reporting period.

30 June 2015	Weight average interest rate	Within 1 month or on demand HK$	1–3 months HK$	3 months–1 year HK$	1–5 years HK$	Over 5 years HK$	Total undiscounted cash flows HK$	Carrying amount HK$
Accruals and other payables	N/A	4,957,647	–	–	–	–	4,957,647	4,957,647
Interest bearing loan notes	5.15%	–	–	1,370,834	6,000,000	34,629,166	42,000,000	29,701,590
		4,957,647	–	1,370,834	6,000,000	34,629,166	46,957,647	34,659,237

31 December 2014	Weight average interest rate HK$	Within 1 month or on demand HK$	1–3 months HK$	3 months–1 year HK$	1–5 years HK$	Over 5 years HK$	Total undiscounted cash flows HK$	Carrying amount HK$
Accruals	N/A	796,074	–	–	–	–	796,074	796,074
		796,074	–	–	–	–	796,074	796,074

(d) Interest rate risk

The Group's variable interest bearing bank deposits are exposed to interest rate risk which is considered to be minimal.

5. **FINANCIAL RISKS MANAGEMENT** (continued)

5.2 **Risk management** (continued)

(d) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole period. A 100 basis points (for the period ended 30 June 2014: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (for the period ended 30 June 2014: 100 basis points) higher/lower and all other variables were held constant, the Group's loss for the period ended 30 June 2015 would decreased/increased by HK$1,136,395 (loss for the period ended 30 June 2014: HK$499,275). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank deposit.

(e) Foreign currency risk

The functional currency of the Group is HK$ in which most of the transactions are denominated. The major foreign currency of the Group is United States dollars. As HK$ is pegged to the United States dollars, the Group does not expect any significant currency risk of HK$ position. The management is of the opinion that the Group's exposures to foreign currency risk are not significant. Accordingly, no foreign exchange risk sensitivity analysis is presented. The Group currently does not have any foreign currency hedging policy. However, the management will closely monitor foreign exchange exposure and will consider hedging its foreign currency exposure should the need arise.

5. FINANCIAL RISKS MANAGEMENT (continued)

5.2 Risk management (continued)

(e) Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	ASSETS	
	30 June 2015 HK$	31 December 2014 HK$
Canadian dollars ("CAD")	**–**	2,282
Renminbi ("RMB")	**16,185**	199
United States dollars ("USD")	**493,029**	300,056

(f) Capital risk management

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

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

The Directors of the Company review the capital structure on a regular basis. As part of this review, the Directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt.

5. FINANCIAL RISKS MANAGEMENT (continued)

5.3 Fair value estimation

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

	Level 1
	HK$
At 30 June 2015	
AFS financial assets	
Equity securities (note a)	**129,742,600**
Financial assets at FVTPL	
Equity securities (note a)	**77,347,840**
At 31 December 2014	
AFS financial assets	
Equity securities (note a)	59,932,200
Financial assets at FVTPL	
Equity securities (note a)	9,031,600

There were no transfers between levels 1, 2 and 3 during the period.

note:

(a) The fair value of equity securities classified as Level 1 was determined by the quoted market closing price in an active market.

6. REVENUE AND OTHER INCOME

Revenue represents interest income and dividend income from financial assets for the periods. An analysis of the Group's revenue and other income for the periods are as follows:

	six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
Revenue		
Interest income from:		
Deposits in banks and financial institutions	**11,985**	11,439
Dividend income from:		
Financial assets at FVTPL	**15,500**	56,166
AFS financial assets	**–**	748,267
	27,485	815,872
Other income		
Net foreign exchange gain	**–**	1,684
Sundry income	**24,342**	24,342
	24,342	26,026

7. SEGMENT INFORMATION

For the six months ended 30 June 2015 and 2014 respectively, the Group's revenue was mainly interest income and dividend income from investments. The Directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the periods, analysed by geographical markets, are as follows:

	Hong Kong six months ended 30 June		Others six months ended 30 June		Consolidated six months ended 30 June	
	2015 HK$	2014 HK$ (unaudited)	**2015 HK$**	2014 HK$ (unaudited)	**2015 HK$**	2014 HK$ (unaudited)
Segment revenue:						
Interest income from deposits in banks and financial institutions	**11,985**	11,439	**—**	—	**11,985**	11,439
Dividend income from financial assets at FVTPL	**15,500**	56,166	**—**	—	**15,500**	56,166
Dividend income from AFS financial assets	**—**	—	**—**	748,267	**—**	748,267
	27,485	67,605	**—**	748,267	**27,485**	815,872

7. SEGMENT INFORMATION (continued)

	Hong Kong		Others		Consolidated	
	30 June 2015 HK$	31 December 2014 HK$	**30 June 2015 HK$**	31 December 2014 HK$	**30 June 2015 HK$**	31 December 2014 HK$
Non-current assets*	**995,725**	4,348,713	**–**	–	**995,725**	4,348,713
Total assets	**342,184,975**	138,204,149	**–**	–	**342,184,975**	138,204,149
Segment liabilities	**38,833,490**	–	**–**	–	**38,833,490**	–
Unallocated corporate liabilities					**–**	796,074
Total liabilities					**38,833,490**	796,074
Other segment information:						
Additions to furniture, fixtures and equipment	**–**	437,000	**–**	–	**–**	437,000

* Non-current assets exclude financial instruments.

8. FINANCE COSTS

	six months ended 30 June	
	2015 HK$	2014 HK$ (unaudited)
Interest expenses on bank and broker overdrafts wholly repayable within five years	**76**	64
Effective interest expense on interest bearing loan notes (Note 20)	**259,387**	–
	259,463	64

9. LOSS BEFORE TAX

	six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
The Group's loss before tax has been arrived at after charging (crediting):		
Directors' remuneration:		
Fees	**171,678**	150,012
Other emoluments	**2,355,873**	816,318
Mandatory provident fund contributions	**18,000**	15,500
Staff costs:		
Salaries	**6,032,766**	2,844,467
Mandatory provident fund contributions	**89,002**	64,249
Total staff costs (including Directors' remuneration)	**8,667,319**	3,890,546
Auditor's remuneration		
Current period	**320,000**	90,000
Consultancy fee	**175,000**	150,000
Depreciation on furniture, fixtures and equipment	**630,980**	814,916
Investment management fee	**596,667**	488,333
Loss on disposal of furniture, fixtures and equipment	**–**	6,658
Net foreign exchange gain	**–**	(1,684)
Operating lease charges in respect of office premises	**1,769,500**	2,289,500

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
Hong Kong Profits Tax:		
— current period	**350,880**	—
Deferred tax (Note 21)		
— current period	**3,823,373**	—
	4,174,253	—

Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profits for both periods.

10. INCOME TAX EXPENSE (continued)

The tax expense for the period can be reconciled to the 'loss before tax' per the consolidated statement of profit or loss as follows:

	six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
Loss before tax	**(2,735,171)**	(5,204,005)
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	**(451,303)**	(858,661)
Tax effect of income not taxable for tax purpose	**(4,371,582)**	(1,235,742)
Tax effect of expenses not deductible for tax purpose	**3,019,370**	728,346
Tax effect of temporary differences previously not recognised	**3,873,067**	59,714
Utilisation of tax losses previously not recognised	**(40,645)**	(75,463)
Tax effect of tax losses not recognised	**2,145,346**	1,381,806
Tax expense for the period	**4,174,253**	–

The domestic tax rate (which is Hong Kong Profits Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

At the end of the reporting period, the Group has unused tax losses of HK$92,285,608 (31 December 2014: HK$79,529,835) available for offsetting against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The tax losses do not expire under the current tax legislation and may be carried forward indefinitely.

11. DIRECTORS' REMUNERATION

(a) Directors' remuneration paid or payable to each of eight (2014: six) Directors were as follows:

	Six months ended 30 June 2015				
	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Mandatory provident fund contributions HK$	Total HK$
Executive Directors					
Luk Hong Man, Hammond	–	434,407	592,240	9,000	1,035,647
Ye Yinggang	–	95,846	64,000	–	159,846
Zhang Xi	–	460,446	613,600	9,000	1,083,046
Non-executive Director					
Yao Yuan (note 1)	–	–	72,000	–	72,000
Independent non-executive Directors					
Leung Po Hon (note 2)	30,000	–	15,000	–	45,000
Tsang Kwok Wa, Edward	50,004	–	–	–	50,004
Ng Man Fai, Matthew (note 3)	41,670	–	8,334	–	50,004
Wong Chung Kin, Quentin	50,004	–	–	–	50,004
	171,678	990,699	1,365,174	18,000	2,545,551

11. DIRECTORS' REMUNERATION (continued)

(a) (continued)

	Six months ended 30 June 2014 (unaudited)				
	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Mandatory provident fund contributions HK$	Total HK$
Executive Directors					
Luk Hong Man, Hammond	–	288,360	48,060	7,750	344,170
Ye Yinggang	–	96,773	16,000	–	112,773
Zhang Xi	–	320,400	46,725	7,750	374,875
Independent non-executive Directors					
Tsang Kwok Wa, Edward	50,004	–	–	–	50,004
Ng Man Fai, Matthew (note 3)	50,004	–	–	–	50,004
Wong Chung Kin, Quentin	50,004	–	–	–	50,004
	150,012	705,533	110,785	15,500	981,830

notes:

(1) Appointed on 04 June 2015

(2) Appointed on 29 April 2015

(3) Resigned on 20 May 2015

The above directors' fee, salaries, allowances and benefits in kind and mandatory provident fund contributions were paid to all Directors, executives and non-executives, in respect of their duties and responsibilities with the Group and the prevailing market value.

During the period, no emoluments were paid by the Group to any of the Directors of the Company or the five highest paid individuals of the Group (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during both periods.

11. DIRECTORS' REMUNERATION (continued)

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, two (30 June 2014: two) were Directors of the Company whose emoluments are included in the disclosures in note 11(a) above. The aggregate of the emolument of the remaining three employees (30 June 2014: three) were as follows:

	Six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
Basic salaries and other benefits	**1,046,485**	972,840
Discretionary bonuses	**1,211,140**	50,000
Mandatory provident fund contributions	**27,000**	23,250
	2,284,625	1,046,090

The emoluments of the remaining three (30 June 2014: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2015	2014
HK$Nil–HK$1,000,000	**2**	3
HK$1,000,001–HK$2,000,000	**1**	—
HK$2,000,001–HK$3,000,000	**—**	—
HK$3,000,001–HK$4,000,000	**—**	—

12. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The Directors of the Company have determined that no dividends will be paid in respect of the interim period (six months ended 30 June 2014: nil).

13. NET ASSET VALUE PER SHARE AND LOSS PER SHARE

Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the consolidated statement of financial position of HK$303,351,485 (31 December 2014: HK$137,408,075) by the number of shares in issue as at 30 June 2015, being 918,120,000 (31 December 2014: 765,120,000).

Loss per share

The calculation of the basic and diluted loss per share is based on the net loss for the six months ended 30 June 2015 of HK$6,909,424 (net loss for the six months ended 30 June 2014: HK$5,204,005 (unaudited)) and on the weighted average ordinary shares of 793,015,028 (six months ended 30 June 2014: 765,120,000 (unaudited)) in issue during the period.

For the period ended 30 June 2015, the computation of diluted loss per share has not assumed the conversion of the Company's outstanding share options since they are antidilutive for the period ended 30 June 2015. Accordingly, diluted loss per share are the same as basic loss per share.

14. FURNITURE, FIXTURES AND EQUIPMENT

	Leasehold improvements HK$	Office equipment HK$	Motor vehicles HK$	Total HK$
COST				
At 1 January 2014	796,360	551,243	6,803,271	8,150,874
Additions	—	—	437,000	437,000
Disposal	—	(10,324)	—	(10,324)
At 31 December 2014 and 1 January 2015	796,360	540,919	7,240,271	8,577,550
Derecognised on disposal of subsidiaries	—	—	(6,803,271)	(6,803,271)
At 30 June 2015	796,360	540,919	437,000	1,774,279
DEPRECIATION AND IMPAIRMENT				
At 1 January 2014	174,637	116,139	2,267,057	2,557,833
Charge for the year	159,272	109,044	1,404,354	1,672,670
Eliminated on disposal	—	(1,666)	—	(1,666)
At 31 December 2014 and 1 January 2015	333,909	223,517	3,671,411	4,228,837
Charge for the period	79,637	54,091	497,252	630,980
Eliminated on disposal of subsidiaries	—	—	(4,081,263)	(4,081,263)
At 30 June 2015	413,546	277,608	87,400	778,554
CARRYING AMOUNT				
At 30 June 2015	**382,814**	**263,311**	**349,600**	**995,725**
At 31 December 2014	462,451	317,402	3,568,860	4,348,713

14. FURNITURE, FIXTURES AND EQUIPMENT (continued)

The above items of furniture, fixtures and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20%
Office equipment	20%
Motor vehicles	20%

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 30 June 2015 HK$	At 31 December 2014 HK$
Equity securities listed in Hong Kong, at cost (note 1)	**49,496,011**	70,601,619
Add:		
Available-for-sale financial assets revaluation reserve		
At the beginning of the period/year	**(10,669,419)**	3,770,617
— Net fair value gains arising on revaluation of AFS financial assets	**80,647,400**	(10,578,330)
— Reclassification of available-for-sale financial assets revaluation reserve upon disposal of AFS financial assets	**10,268,608**	(3,861,706)
At the end of the period/year	**80,246,589**	(10,669,419)
Total	**129,742,600**	59,932,200

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

note 1: Equity securities listed in Hong Kong

Name of investee companies	Place of incorporation	Percentage of effective interest held	At cost		Available-for-sale financial assets revaluation value		Market value		Net assets attributable to the investment	
			30 June 2015 HK$	31 December 2014 HK$	**30 June 2015 HK$**	31 December 2014 HK$	**30 June 2015 HK$**	31 December 2014 HK$	**30 June 2015 HK$**	31 December 2014 HK$
REX Global Entertainment Holdings Limited (note a)	Bermuda	3.23%	**30,558,200**	–	**60,261,800**	–	**90,820,000**	–	**7,323,645**	–
China Nuclear Energy Technology Corporation Limited (Formerly known as China Nuclear Industry 23 International Corporation Limited) (note b)	Bermuda	0.08%	**1,542,711**	42,956,294	**1,079,889**	(15,473,594)	**2,622,600**	27,482,700	**389,574**	9,682,188
Infinity Financial Group (Holdings) Limited	Bermuda	–	**–**	7,244,815	**–**	4,699,185	**–**	11,944,000	**–**	2,651,229
China Aircraft Leasing Group Holdings Limited	Cayman Islands	–	**–**	3,005,410	**–**	(49,910)	**–**	2,955,500	**–**	772,727
Kingbo Strike Limited (note c)	Cayman Islands	2.34%	**17,395,100**	17,395,100	**18,904,900**	154,900	**36,300,000**	17,550,000	**2,847,625**	2,790,045
			49,496,011	70,601,619	**80,246,589**	(10,669,419)	**129,742,600**	59,932,200		

notes:

(a) As at 30 June 2015, the Group held listed equity securities, being 239,000,000 shares or 3.23% equity interest in REX Global Entertainment Holdings Limited ("REX Global"), for a consideration of HK$30,558,200 and which is principally engaged in entertainment and gaming business, property business, gamma ray irradiation services, resources business and securities trading and investment.

For the year ended 31 March 2015, the audited consolidated loss from ordinary activities attributable to owners of REX Global was approximately HK$67,899,000 and the basic loss per share was HK1.07 cents. At 31 March 2015, its audited consolidated net assets value attributable to owners of REX Global was approximately HK$227,039,000. No dividend was received during the period.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

notes: (continued)

(b) As at 30 June 2015, the Group held listed equity securities, being 940,000 shares or 0.08% equity interest in the China Nuclear Energy Technology Corporation Limited ("China Nuclear"), for a consideration of HK$1,542,711 and which is principally engaged in restaurant operations, property investments, hotel operations and new energy operations.

For the six months ended 30 June 2015, the unaudited consolidated loss from ordinary activities attributable to owners of China Nuclear was approximately HK$4,047,000 and the basic loss per share was HK0.37 cents. At 30 June 2015, its unaudited consolidated net assets value attributable to owners of China Nuclear was approximately HK$463,680,000. No dividend was received during the period.

(c) As at 30 June 2015, the Group held listed equity securities, being 15,000,000 shares or 2.34% equity interest in the Kingbo Strike Limited ("Kingbo Strike"), for a consideration of HK$17,395,100 and which is principally engaged in the provision of electrical engineering services.

For the six months ended 31 December 2014, the unaudited consolidated profit from ordinary activities attributable to owners of Kingbo Strike was approximately Singapore dollars ("S$") 1,929,895 (equivalent to approximately HK$11,096,896) and the basic earnings per share was S0.3 cents (equivalent to approximately HK1.73 cents). At 31 December 2014, its unaudited consolidated net assets value attributable to owners of Kingbo Strike was approximately S$21,130,206 (equivalent to approximately HK$121,498,685). No dividend was received during the period.

The Directors conducted a review of the Group's AFS financial assets during the period and determined that the fair value adjustment is based on quoted market closing price of AFS financial assets in an active market.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2015 HK$	At 31 December 2014 HK$
Prepayments for office rental	**876,023**	1,000,000
Prepayment for investment management fee	**80,000**	—
Prepayment for business advisory service	**1,500,000**	—
Other prepayments	**—**	186,700
Deposit for leasehold improvement (note)	**200,000**	—
Rental and utility deposits	**2,088,781**	482,610
Refundable earnest money for acquisition of investment	**5,000,000**	—
Due from brokers	**5,005,431**	24,404,512
Receivable from disposal of subsidiaries	**5,491,972**	—
Other receivables	**175,278**	48,684
	20,417,485	26,122,506

note: On 26 June 2015, the Company paid HK$200,000 to Chun Wai Engineering Co. as a deposit for the office decoration. No contract has been signed as at 30 June 2015, therefore, no capital commitment at the end of the reporting period.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2015 HK$	At 31 December 2014 HK$
Financial assets at FVTPL		
— Equity securities listed in Hong Kong, at market value	**77,347,840**	9,031,600

The fair values of listed securities are based on their quoted market closing prices in an active market.

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

As at 30 June 2015 and 31 December 2014, financial assets at FVTPL included the following investments:

Name of investee companies	Place of incorporation	Number of shares held	Percentage of effective interest held	Carrying amount HK$	Market value HK$	Unrealised gain (loss) arising on revaluation HK$	Dividend received during the period HK$	Net assets attributable to the investment HK$
At 30 June 2015								
Tech Pro Technology Development Limited (note a)	**Cayman Islands**	**4,176,000**	**0.26%**	**24,835,544**	**32,739,840**	**7,904,296**	**–**	**3,327,763**
Newtree Group Holdings Limited (note b)	**Cayman Islands**	**8,200,000**	**0.91%**	**29,340,340**	**44,608,000**	**15,267,660**	**–**	**5,486,561**
				54,175,884	**77,347,840**	**23,171,956**	**–**	
At 31 December 2014								
HSBC Holding PLC	England	10,000	Less than 0.01%	791,500	740,000	(51,500)	38,761	768,750
PetroChina Company Limited	The People's Republic of China	130,000	Less than 0.01%	1,284,700	1,118,000	(166,700)	–	9,134,052
Tech Pro Technology Development Limited	Cayman Islands	1,176,000	0.08%	6,077,940	7,173,600	1,095,660	–	829,570
				8,154,140	9,031,600	877,460	38,761	

notes:

(a) As at 30 June 2015, the Group held listed equity securities, being 4,176,000 shares or approximately 0.26% equity interest in Tech Pro Technology Development Limited ("Tech Pro"), for a consideration of HK$24,835,544 and which is principally engaged in manufacturing and sale of LED lighting products and accessories, energy efficiency projects and provision of property sub-leasing and management services.

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

notes: (continued)

(a) (continued)

For the six months ended 30 June 2015, the unaudited consolidated loss from ordinary activities attributable to equity shareholders of Tech Pro was approximately RMB40,907,000 (equivalent to approximately HK$52,360,960) and the basic loss per share was RMB0.65 cents (equivalent to approximately HK0.83 cents). At 30 June 2015, its unaudited consolidated net assets value attributable to owners of Tech Pro was approximately RMB1,007,708,000 (equivalent to approximately HK$1,289,866,240). No dividend was received during the period.

(b) As at 30 June 2015, the Group held listed equity securities, being 8,200,000 shares or approximately 0.91% equity interest in Newtree Group Holdings Limited ("Newtree Group"), for a consideration of HK$29,340,340 and which is principally engaged in manufacture and trading of the clinical and household hygienic disposables and trading of related raw materials, trading of Methyl Tertiary Butyl Ether, trading of coal products, wholesale and retail of household consumables, sales and distribution of jewelries and watches, design and development of three-dimensional animations, augmented reality technology application and e-learning web application, provision of educational technology solutions through online education programs and provision of English language proficiency tests.

For the year ended 31 March 2015, the audited consolidated loss from ordinary activities attributable to equity shareholders of Newtree Group was approximately HK$258,875,000 and the basic loss per share was HK31.78 cents. At 31 March 2015, its audited consolidated net assets value attributable to owners of Newtree Group was approximately HK$603,956,000. No dividend was received during the period.

18. CASH AND CASH EQUIVALENTS

	At 30 June 2015 HK$	At 31 December 2014 HK$
Cash at bank and in hand	**113,681,325**	38,769,130

At the end of the reporting period, cash and cash equivalents comprised of cash at bank and in hand. Bank balances carry interest at market rates of 0.01% (31 December 2014: range from 0.01% to 1%) per annum.

Included in cash and cash equivalents in the consolidated statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group entities:

	At 30 June 2015	At 31 December 2014
CAD	**–**	CAD324
USD	**USD63,588**	USD38,469
RMB	**RMB12,656**	RMB157

19. ACCRUALS AND OTHER PAYABLES

	At 30 June 2015 HK$	At 31 December 2014 HK$
Accrued expenses	**337,480**	796,074
Interest bearing loan notes interest	**254,167**	—
Receipt in advance for shares to be issued under share option scheme (note)	**4,366,000**	—
	4,957,647	796,074

note:

On 30 June 2015, the Company received the amount of HK$4,366,000 from the share option holder for the purpose of exercising share option in July 2015. On 3 July 2015, the Board of the Company approved the exercise of the above share option and issued the shares on 7 July 2015.

20. INTEREST BEARING LOAN NOTES

During the six months ended 30 June 2015, the Company issued an unsecured interest bearing loan notes (the "Notes") to the independent private investors through the placing agent in a principal amount of HK$30,000,000 with effective date from 30 April 2015 which is repayable on the date falling 8 years from the date of issue of the Notes, which is 29 April 2023 (the "Maturity Date"). The Company has the right at any time after the second year of the issue date of the Notes to the Maturity Date to redeem the whole or part of the outstanding Notes at the redemption amount with not less than 15 business days written notice, specifying the amount to be redeemed and the date of such redemption (the "Redemption Right"). But the noteholder has no right to require the Group to redeem the Notes before the Maturity Date.

The Notes carry interest at the fixed rate of 5% per annum payable semi-annually in arrears on 31 March and 30 September in each year ("Interest Payment Date"), provided that the first Interest Payment Date shall fall on 31 March 2016 and the final repayment of the interest shall be on the Maturity Date.

On initial recognition, the Directors consider that the principal amount of the Notes approximates to its fair value.

The Redemption Right is regarded as embedded derivatives in the host contract. The Redemption Right is not recognised in the consolidated financial statements since the Directors consider that the probability of exercise of the Redemption Right is remote. The Directors have assessed the fair values of the Redemption Right at initial recognition and at the end of the reporting period and consider that the fair values were insignificant. Accordingly, both fair values were not accounted for in the consolidated financial statements as at 30 June 2015.

The Notes are measured at amortised cost, using the effective interest method. The effective interest rate of the Notes is 5.15%.

20. INTEREST BEARING LOAN NOTES (continued)

The Notes were recognised in the statement of financial position of the Group and the Company is calculated as follows:

	HK$
Principal value of the Notes on initial recognition	**30,000,000**
Direct transaction costs	**(303,630)**
	29,696,370
Effective interest expense (Note 8)	**259,387**
Interest expense	**(254,167)**
At 30 June 2015	**29,701,590**

21. DEFERRED TAX LIABILITIES

The movement in deterred tax liabilities during the period are as follows:

	Unrealised gain of financial assets at fair value through profit or loss HK$
At 1 January 2014, 31 December 2014 and 1 January 2015	—
Deferred tax charged to profit or loss during the period (Note 10)	3,823,373
Net deferred tax liabilities at 30 June 2015	3,823,373

22. SHARE CAPITAL

	Number of ordinary shares of HK$0.05 each	Nominal value HK$
Authorised:		
At 1 January 2014, 31 December 2014 and 30 June 2015	**4,000,000,000**	**200,000,000**
Issued and fully paid:		
At 1 January 2014, 31 December 2014 and 1 January 2015	**765,120,000**	**38,256,000**
Issue of shares (note a)	**153,000,000**	**7,650,000**
At 30 June 2015	**918,120,000**	**45,906,000**

note a: On 28 May 2015, 153,000,000 shares were issued by the Company as a result of a placing agreement dated 7 May 2015. Shares were issued at a price of HK$0.465 giving the gross proceeds of approximately HK$71,145,000.

23. RESERVES

The Company

	Share premium HK$	Share option reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2015	**197,332,138**	**–**	**(101,650,221)**	**95,681,917**
Issue of ordinary shares under placing of shares	**63,495,000**	**–**	**–**	**63,495,000**
Transaction costs attributable to issue of ordinary shares	**(1,067,174)**	**–**	**–**	**(1,067,174)**
Recognition of equity-settled share-based payment	**–**	**11,859,000**	**–**	**11,859,000**
Loss and total comprehensive expenses for the period	**–**	**–**	**(32,313,736)**	**(32,313,736)**
At 30 June 2015	**259,759,964**	**11,859,000**	**(133,963,957)**	**137,655,007**
At 1 January 2014	197,332,138	–	(65,431,695)	131,900,443
Loss and total comprehensive expenses for the year	–	–	(36,218,526)	(36,218,526)
At 31 December 2014	197,332,138	–	(101,650,221)	95,681,917

24. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 June 2011. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives and/or rewards for their contribution and support to the Company. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees and executives, including all the Directors of the Company and any substantial shareholders as defined in the Listing Rules to subscribe shares in the Company.

24. SHARE OPTION SCHEME (continued)

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 275,436,000, representing 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue during the twelve-month period before the date of grant, without prior approval from the Company's shareholders.

Share options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 on acceptance of the grant. Options may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board of Directors to each grantee but must not be exercised after the expiry of ten years from the date of grant of the option. There is no minimum period for which an option must be held or a performance target that must be achieved before an option can be exercised specified in the terms of the Scheme. However, the Board of Directors may provide restrictions on the exercise of an option during the period an option may be exercised including, if appropriate, a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price is determined by the Board of Directors, and should not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer of the option which must be a business day, (ii) the average of the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option and (iii) the nominal value of the Share on the date of offer of the option.

The Scheme will remain in force for a period of 10 years commencing on 27 June 2011.

At 17 June 2015, the Group granted 76,512,000 share options with an exercise price of HK$0.74 per share under the Share Option Scheme.

24. SHARE OPTION SCHEME (continued)

The following table disclosed details of the Company's options under the Scheme held by directors, employees and other participants and the movements during the period ended 30 June 2015:

Grantee	Date of Grant	Exercise price	Exercisable period	At 1 January 2015	Granted during the period	Exercised during the period	Expired during the period	Lapsed during the period	Outstanding at 30 June 2015
	DD/MM/YYYY	HK$	DD/MM/YYYY						
Luk Hong Man, Hammond (Executive Director)	17/6/2015	0.74	16/6/2025	–	765,120	–	–	–	765,120
Zhang Xi (Executive Director)	17/6/2015	0.74	16/6/2025	–	765,120	–	–	–	765,120
Ye Yinggang (Executive Director)	17/6/2015	0.74	16/6/2025	–	765,120	–	–	–	765,120
Wong Chung Kin, Quentin (INED)	17/6/2015	0.74	16/6/2025	–	765,120	–	–	–	765,120
Tsang Kwok Wa, Edward (INED)	17/6/2015	0.74	16/6/2025	–	765,120	–	–	–	765,120
Leung Po Hon (INED)	17/6/2015	0.74	16/6/2025	–	765,120	–	–	–	765,120
Yao Aiyun (Associate)	17/6/2015	0.74	16/6/2025	–	765,120	–	–	–	765,120
				Sub-total	5,355,840				5,355,840
Employees and other participants	17/6/2015	0.74	16/6/2025	–	71,156,160	–	–	–	71,156,160
				Total	76,512,000				76,512,000

The share option is vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. For the period ended 30 June 2015, no option had been exercised, expired or lapsed under the Scheme.

24. SHARE OPTION SCHEME (continued)

The fair value of the total options granted in the period measured as at 17 June 2015 determined using Binomial Option Pricing Model was HK$11,859,000. The significant inputs into the model were share price of HK$0.71 at the grant date, an exercise price shown above, an expected volatility of 77.12%, no dividend yield, an expected option life of ten years and an annual risk free interest rate of 1.77%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last ten years.

On 30 June 2015, the Company received the amount of HK$4,366,000 from the share option holder for the purpose of exercising share option in July 2015.

25. RETIREMENT BENEFITS SCHEME

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme ("MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a maximum contribution of HK$1,500 per month with effect from 1 June 2014 (from 1 January 2013 to 31 May 2014: HK$1,250) and thereafter contributions are voluntary.

26. RELATED PARTY AND CONNECTED TRANSACTIONS

During the period, the Group had the following significant related party and connected transactions:

	note	Six months ended 30 June **2015** **HK$**	 2014 HK$ (unaudited)
Investment management fee paid to Asia Investment Management Limited	(i)	**596,667**	488,333

note:

(i) Investment management fee payable to the Investment Manager was HK$80,000 per month together with expenses reimbursement up to a maximum amount of HK$200,000 per annum.

(ii) The Investment Manager is defined as a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules.

26. RELATED PARTY AND CONNECTED TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of Directors during the period was as follows:

	Six months ended 30 June	
	2015	2014
	HK$	HK$
		(unaudited)
Directors' fee	**171,678**	150,012
Salaries, allowance and benefits in kind	**2,355,873**	816,318
Mandatory provident fund contributions	**18,000**	15,500
	2,545,551	981,830

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

27. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	At 30 June 2015	At 31 December 2014
	HK$	HK$
Within one year	**5,703,984**	1,000,000
In the second to fifth year inclusive	**5,228,652**	—

Operating lease payments represent rental payables by the Group for its office premises. Leases are negotiated and fixed respectively for a term of two years.

28. LOSS ON DISPOSAL OF SUBSIDIARIES/DEREGISTRATION OF SUBSIDIARY

During the six months ended 30 June 2015, the Group disposed of its 100% equity interest in Attractive Bright Limited with its subsidiaries, Auspicious Grace Limited with its subsidiaries, Blazing Source Limited with its subsidiary and Hero Linker Investment Limited with its subsidiary to the independent third parties with an aggregate net assets value of HK$8,310,310 for a consideration of HK$7,991,972, resulting in a loss on disposal of subsidiaries of HK$318,338.

The aggregate net assets of the subsidiaries at the date of disposal are as follow:

	HK$
Motor vehicles	2,722,008
Other receivables	16
Cash and cash equivalents	5,588,286
Net assets disposal of:	8,310,310
Total consideration	(7,991,972)
Loss on disposal	318,338

An analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

Net cash inflow arising on disposal:

Consideration received in cash	2,500,000
Consideration receivable upon to be received in cash (Note 16)	5,491,972
Cash and cash equivalents disposed of	(5,588,286)
	2,403,686

During the six months ended 30 June 2014, the Group deregistered a dormant subsidiary, Marvelous Affluence Limited, which was incorporated in British Virgin Islands. There was no gain or loss arose from the deregistration of the subsidiary.

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered share capital	Proportion ownership interest and voting power held by the Company				Principal activity
				Directly		Indirectly		
				30 June 2015	31 December 2014	30 June 2015	31 December 2014	
Eternity Sky Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	–	–	100%	100%	Investment holdings
Happy Amigo Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	–	–	100%	100%	Investment holdings
Final Destination Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	–	–	100%	100%	Investment holdings
Flying Goddess Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	100%	–	–	Investment holdings
Serene Goodwill Limited	British Virgin Islands	Ordinary	100 shares of US$1 each	100%	100%	–	–	Investment holdings
Ace Provision Limited	Republic of Vanuatu	Ordinary	100 shares of US$1 each	100%	100%	–	–	Investment holdings
Best Keen International Limited	Republic of Vanuatu	Ordinary	100 shares of US$1 each	100%	100%	–	–	Investment holdings
Forever Corporate Management Limited	Hong Kong	Ordinary	Paid up capital HK$100	–	–	100%	100%	Investment holdings
First Prosper Limited	Hong Kong	Ordinary	Paid up capital HK$100	–	–	100%	100%	Investment holdings
Valid Host Limited	Hong Kong	Ordinary	Paid up capital HK$100	–	–	100%	100%	Securities investments
Ace Innovator Limited	Republic of Vanuatu	Ordinary	100 shares of US$1 each	100%	–	–	–	Investment holdings
Assets Bloom Limited	Republic of Vanuatu	Ordinary	100 shares of US$1 each	100%	–	–	–	Investment holdings
Big Star Ventures Limited	Republic of Vanuatu	Ordinary	100 shares of US$1 each	100%	–	–	–	Investment holdings

The above table lists the subsidiaries of the Group which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

30. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At 30 June 2015 HK$	At 31 December 2014 HK$
Non-current assets		
Investments in subsidiaries	**3,900**	1,560
Furniture, fixtures and equipment	**16,058**	21,747
	19,958	23,307
Current assets		
Prepayments, deposits and other receivables	**4,277,507**	—
Advances to subsidiaries	**106,801,502**	124,050,702
Amounts due from subsidiaries	**16,514,770**	4,919,403
Cash and cash equivalents	**98,448,177**	33,930,934
	226,041,956	162,901,039
Current liabilities		
Accruals	**335,000**	677,333
Amounts due to subsidiaries	**7,844,150**	28,309,096
Other payables	**4,620,167**	—
	12,799,317	28,986,429
Net current assets	**213,242,639**	133,914,610
Total assets less current liabilities	**213,262,597**	133,937,917
Non-current liability		
Interest bearing loan notes (Note 20)	**29,701,590**	—
Net assets	**183,561,007**	133,937,917

30. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	At 30 June 2015 HK$	At 31 December 2014 HK$
Capital and reserves		
Share capital (Note 22)	**45,906,000**	38,256,000
Reserves (Note 23)	**137,655,007**	95,681,917
Total equity	**183,561,007**	133,937,917

notes:

(a) Amounts due from/to subsidiaries are unsecured, interest-free and have no fixed term of repayment.

(b) Advanced to subsidiaries are unsecured and repayable on demand. Interest is charged on the outstanding balance at 5% per annum, as quoted by the current Hong Kong Dollars Best Lending Rate from Hong Kong and Shanghai Banking Corporation Limited.

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 31 August 2015 and are signed on its behalf by:

Luk Hong Man, Hammond
Director

Zhang Xi
Director

31. EVENTS AFTER REPORTING PERIOD

Subsequent to 30 June 2015, the following significant events took place:

(a) On 23 June 2015, the Company entered into the share placing agreement to place up to an aggregate of 1,000,000,000 new placing shares to not less than six share placees at a price of HK$0.50 per placing share, and the Company also entered into the convertible bond placing agreement to place the convertible bonds with a principal amount of up to HK$500,000,000 to not less than six convertible bond placees.

On 5 August 2015, the Company announced that the above share placing agreement and the convertible bonds placing agreement has been terminated. Details of the placings and the termination are set out in the Company's announcement dated 23 June 2015 and 5 August 2015 respectively.

(b) On 14 August 2015, the Company entered into the placing agreement with the placing agent whereby the Company has conditionally agreed to place, through the placing agent, a maximum of 183,000,000 placing shares on a best effort basis to not less than six placees an issue price of HK$0.4 per placing share. Details of the placing have been set out in the Company's announcement dated 14 August 2015.

32. CONTINGENT LIABILITIES

At 30 June 2015, the Group had no significant contingent liabilities.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2015, the Group reported a loss of approximately HK$6.9 million (six months ended 30 June 2014: loss of approximately HK$5.2 million). The increase in loss was mainly attributed to the increase in share-based payment.

Liquidity and Financial Resources

As at 30 June 2015, the Group had cash and cash equivalents of approximately HK$113.7 million (31 December 2014: approximately HK$38.8 million). The increase in cash and cash equivalents was mainly due to the placing of new shares and issue of interest bearing loan notes during the period. Cash and cash equivalents represented approximately 33.2% of the Group's total assets as at 30 June 2015.

As at 30 June 2015, the Group's gearing ratio was approximately 9.8% (31 December 2014: Nil), which was defined as the ratio of total borrowings to owners' equity.

It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

Prospect

The stock market has experienced increasing volatility recently. The economic indicators from China are showing signs of weakness. Chinese currency devaluation further exacerbates the uncertainty in the market. Directors believe that unlisted companies in the sectors with favorable government policies of bright growth potential (e.g. clean energy, e-commerce, etc.) could outperform the market with low volatility. This is the investment strategy that the company will pursue in the foreseeable future.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

At 30 June 2015, the interests and short positions of each Director and the chief executives of the Company in the shares and the underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the "SFO"), 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 Companies (the "Model Code") were as follows:

(i) Long positions in shares at 30 June 2015

Name of Director	Capacity	Notes	Number of shares	Approximate percentage of shareholding
Yao Yuan	Beneficial owner	(1)	2,900,000	0.32%

(ii) Long positions in underlying shares at 30 June 2015

Name of Director	Capacity	Notes	Number of underlying shares	Approximate percentage of shareholding
Luk Hong Man, Hammond	Beneficial owner	(2)	765,120	0.08%
Zhang Xi	Beneficial owner	(2)	765,120	0.08%
Ye Yinggang	Beneficial owner	(2)	765,120	0.08%
Wong Chung Kin, Quentin	Beneficial owner	(2)	765,120	0.08%
Tsang Kwok Wa, Edward	Beneficial owner	(2)	765,120	0.08%
Leung Po Hon	Beneficial owner	(2)	765,120	0.08%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS (continued)

(ii) Long positions in underlying shares at 30 June 2015 (continued)

Notes:

(1) The personal interests of Mr. Yao Yuan comprise 2,900,000 ordinary shares.

(2) These share options were granted on 17 June 2015 at an exercise price of HK$0.74 per share of the Company with exercise period from 17 June 2015 to 16 June 2025.

Save as disclosed above, at 30 June 2015, none of the Directors nor chief executives of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER

As at 30 June 2015, the following person's interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interest in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name	**Number of Shares**	**Type of interest**	**Approximately percentage of total issued share capital of the Company**
HK DYF Int'l Holding Group Limited	159,240,000	Beneficial owner	17.34%
Shenzhen Ding Yi Feng Assets Management Co., Ltd.* (Note)	159,240,000	Interest of controlled corporation	17.34%

Note: Shenzhen Ding Yi Feng Assets Management Co., Ltd. is deemed to be interested in 159,240,000 shares through her controlling interest (100%) in HK DYF Int'l Holding Group Limited.

Save as disclosed above, the Directors are not aware of any person who has an interest or short position in the shares or underlying shares of the Company (which is discloseable under Divisions 2 and 3 of the Part XV of the SFO), or is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (which is discloseable under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

* *For identification purpose only*

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2015, the Company had complied with all the applicable provisions of the Corporate Governance Code (the "Code Provision") as set out in Appendix 14 to the Listing Rules, save for the deviation from Code Provision A.2.1 and E.1.2 set out as below:

Code Provision A.2.1

In accordance with Code Provision A.2.1, it stipulates that the roles of the chairman and the chief executive are segregated and assumed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Board has not appointed individuals to the posts of chairman and chief executive. The Board is in the process of identifying suitable candidates to fill in the vacancies for chairman and chief executive in compliance with the requirement of the Code Provision A.2.1. Further announcement will be made by the Company with regard to the new appointment of chairman and chief executive of the Company in due course.

Code Provision E.1.2

In accordance with Code Provision E.1.2, it stipulates that the chairman of the Board should attend the annual general meeting ("AGM"). No chairman of the Board had attended the AGM of the Company held on 29 June 2015 as the Board is in the process of identifying suitable candidate to fill in the vacancies for chairman. The said AGM was chaired by an executive Director.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chung Kin, Quentin (as chairman), Mr. Leung Po Hon and Mr. Tsang Kwok Wa, Edward. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The audited interim results of the Group for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

By Order of the Board
China Investment Fund Company Limited
Luk Hong Man, Hammond
Executive Director

Hong Kong, 31 August 2015

As at the date of this report, the executive Directors are Mr. Luk Hong Man, Hammond, Mr. Ye Yinggang and Mr. Zhang Xi; the non-executive Director is Mr. Yao Yuan; and the independent non-executive Directors are Mr. Wong Chung Kin, Quentin, Mr. Tsang Kwok Wa, Edward and Mr. Leung Po Hon.