INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF HARMONY ASSET LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Harmony Asset Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 3 to 83, which comprise the consolidated and company statements of financial position as at 31st December, 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our 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 International Standards on Auditing. 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.

INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31st December, 2014 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Li Pak Ki
Practising Certificate Number P01330

Hong Kong, 30th March, 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31st December

	Note	2014 HK$	2013 HK$
Turnover	5	3,477,510	7,637,209
Other revenue	5	147,248	37,401
Other gains and (losses)	5	(23,897,289)	(28,782,126)
		(20,272,531)	(21,107,516)
Employee benefits expenses		(3,386,236)	(3,802,023)
Depreciation of property, plant and equipment		(397,607)	(711,839)
Other operating expenses		(12,513,057)	(13,340,472)
Loss before income tax expense	6	(36,569,431)	(38,961,850)
Income tax expense	7	–	–
Loss for the year attributable to owners of the Company	9	(36,569,431)	(38,961,850)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Losses on fair value changes on available-for-sale financial assets		(7,489,675)	(4,503,499)
Items reclassified to profit or loss:			
Transfer of fair value gain to profit or loss upon disposal of available-for-sale financial assets		(25,753,887)	(2,363,350)
Impairment losses on available-for-sale financial assets recognised in profit or loss		980,000	4,726,655
Other comprehensive income for the year		(32,263,562)	(2,140,194)
Total comprehensive income for the year attributable to owners of the Company		(68,832,993)	(41,102,044)
Losses per share	10		
Basic		(HK$0.94)	(HK$1.00)
Diluted		(HK$0.94)	(HK$1.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December

	Note	2014 HK$	2013 HK$
Non-current assets			
Property, plant and equipment	12	308,470	689,397
Available-for-sale financial assets	15	3,560,022	71,150,303
Loans and receivables	16	1,858,944	25,181,913
Deposits for investments		–	3,883,515
		5,727,436	100,905,128
Current assets			
Loans and receivables	16	–	17,896,798
Accounts receivable and prepayments	18	86,378,191	30,910,631
Financial assets at fair value through profit or loss	19	33,975,705	54,235,622
Derivative financial instruments	20	–	14,383,832
Bank balances and cash		54,143,413	30,878,872
		174,497,309	148,305,755
Current liabilities			
Accounts payable and accruals	21	7,376,051	7,529,196
Net current assets		167,121,258	140,776,559
Total assets less current liabilities/Net assets		172,848,694	241,681,687
Capital and reserves			
Share capital	22	39,058,615	39,058,615
Reserves		133,790,079	202,623,072
Total equity		172,848,694	241,681,687
Net asset value per share	24	HK$4.43	HK$6.19

Approved and authorised for issue by the Board of Directors on 30th March, 2015

LEE Fong Lit David
Director

CHOW Pok Yu Augustine
Director

STATEMENT OF FINANCIAL POSITION

As at 31st December

	Note	2014 HK$	2013 HK$
Non-current assets			
Property, plant and equipment	12	308,470	689,397
Interests in subsidiaries	13	16	111,641,973
Available-for-sale financial assets	15	3,150,000	13,095,969
		3,458,486	125,427,339
Current assets			
Loans and receivables	16	–	3,237,346
Accounts receivable and prepayments	18	79,374,385	3,770,511
Financial assets at fair value through profit or loss	19	33,975,705	17,485,805
Bank balances and cash		54,137,701	26,327,662
		167,487,791	50,821,324
Current liabilities			
Accounts payable and accruals	21	6,615,686	6,361,659
Amount due to a subsidiary	13(c)	6,065,163	–
		12,680,849	6,361,659
Net current assets		154,806,942	44,459,665
Net assets		158,265,428	169,887,004
Capital and reserves			
Share capital	22	39,058,615	39,058,615
Reserves	23	119,206,813	130,828,389
Total equity		158,265,428	169,887,004

Approved and authorised for issue by the Board of Directors on 30th March, 2015

LEE Fong Lit David
Director

CHOW Pok Yu Augustine
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended 31st December, 2014 and 2013

	Share capital HK$	Share premium HK$	Fair value reserve HK$	Retained profits (accumulated losses) HK$	Total HK$
At 1st January, 2014	39,058,615	162,768,326	34,458,047	5,396,699	241,681,687
Loss for the year	–	–	–	(36,569,431)	(36,569,431)
Losses on fair value changes on available-for-sale financial assets	–	–	(7,489,675)	–	(7,489,675)
Transfer of fair value gain to profit or loss upon disposal of available-for-sale financial assets	–	–	(25,753,887)	–	(25,753,887)
Impairment losses on available-for-sale financial assets recognised in profit or loss	–	–	980,000	–	980,000
Other comprehensive income for the year	–	–	(32,263,562)	–	(32,263,562)
Total comprehensive income for the year	–	–	(32,263,562)	(36,569,431)	(68,832,993)
At 31st December, 2014	39,058,615	162,768,326	2,194,485	(31,172,732)	172,848,694

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended 31st December, 2014 and 2013

	Share capital HK$	Share premium HK$	Fair value reserve HK$	Retained profits HK$	Total HK$
At 1st January, 2013	39,058,615	162,768,326	36,598,241	44,358,549	282,783,731
Loss for the year	–	–	–	(38,961,850)	(38,961,850)
Losses on fair value changes on available-for-sale financial assets	–	–	(4,503,499)	–	(4,503,499)
Transfer of fair value gain to profit or loss upon disposal of available-for-sale financial assets	–	–	(2,363,350)	–	(2,363,350)
Impairment losses on available-for-sale financial assets recognised in profit or loss	–	–	4,726,655	–	4,726,655
Other comprehensive income for the year	–	–	(2,140,194)	–	(2,140,194)
Total comprehensive income for the year	–	–	(2,140,194)	(38,961,850)	(41,102,044)
At 31st December, 2013	39,058,615	162,768,326	34,458,047	5,396,699	241,681,687

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December

	Note	2014 HK$	2013 HK$
Cash used in operating activities			
Cash used in operations	25	(10,381,584)	(14,931,460)
Income tax refund		–	2,661,127
Net cash used in operating activities		(10,381,584)	(12,270,333)
Cash flows from investing activities			
Interest received		3,508,538	1,590,672
Dividend received from available-for-sale financial assets		–	3,000,000
Advances to investees		–	(1,565,000)
Repayments from investees		3,999,000	6,285,968
Purchase of property, plant and equipment		(16,680)	(364,833)
Payment for deposits for investments		–	(3,883,515)
Refund of deposits for investments		3,883,515	–
Purchase of available-for-sale financial assets		(7,772,465)	(19,472,712)
Purchase of convertible bonds		(22,600,000)	(15,609,373)
Redemption of convertible bonds		24,600,000	8,731,838
Proceeds from disposal of available-for-sale financial assets		15,200,000	30,339,748
Net cash inflow arising on disposal of subsidiaries	14	12,844,217	–
Net cash from investing activities		33,646,125	9,052,793
Net increase (decrease) in cash and cash equivalents		23,264,541	(3,217,540)
Cash and cash equivalents at 1st January		30,878,872	34,096,412
Cash and cash equivalents at 31st December		54,143,413	30,878,872
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		54,143,413	30,878,872

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December, 2014

1. GENERAL

Harmony Asset Limited was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Suite 2806, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 13.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE

(a) Adoption of new or revised IFRSs – effective 1st January, 2014

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities
IFRIC 21	Levies

Except as explained below, the adoption of these new or revised IFRSs has no material impact on the Group's financial statements.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December, 2014

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (continued)

(a) Adoption of new or revised IFRSs – effective 1st January, 2014 (continued)

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash-generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (continued)

(a) Adoption of new or revised IFRSs – effective 1st January, 2014 (continued)

IFRIC 21 – Levies

IFRIC 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of IFRIC 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) New or revised IFRSs that have been issued but are not yet effective

The following new or revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
IFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10, IFRS 12 and IAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[3]
IFRS 9 (2014)	Financial Instruments[5]
IFRS 15	Revenue from Contracts with Customers[4]

[1] Effective for annual periods beginning on or after 1st July, 2014
[2] Effective for annual periods beginning, or transactions occurring, on or after 1st July, 2014
[3] Effective for annual periods beginning on or after 1st January, 2016
[4] Effective for annual periods beginning on or after 1st January, 2017
[5] Effective for annual periods beginning on or after 1st January, 2018

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (continued)

(b) New or revised IFRSs that have been issued but are not yet effective (continued)

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to IAS 1 – Disclosure Initiative

The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (continued)

(b) New or revised IFRSs that have been issued but are not yet effective (continued)

IFRS 9 (2014) – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

Amendments to IFRS 10, IFRS 12 and IAS 28 (2011) – Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (continued)

(b) New or revised IFRSs that have been issued but are not yet effective (continued)

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors have so far concluded that the application of these pronouncements will have no material impact on the Group's financial statements.

(c) Disclosure requirements of new Hong Kong Companies Ordinance

The disclosure requirements of the new Hong Kong Companies Ordinance, Cap. 622 will apply to the Company in its first financial year beginning on or after 3rd March, 2014 (i.e. the financial year ending 31st December, 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis, except that, as disclosed in the summary of significant accounting policies in note 4(d), available-for-sale financial assets and financial assets at fair value through profit or loss are stated at fair value.

(c) Use of estimates and judgements

In the application of the Group's accounting policies, which are described in note 4, management is 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 assumptions 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 29.

(d) Functional and presentation currency

The financial statements are presented in Hong Kong dollar ("HK$"), which is the same as the functional currency of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to 31st December each year.

The financial statements of subsidiaries are included into the consolidated financial statements from the date that control commences until the date that control ceases.

All intra-group transactions and balances, and any unrealised profit arising from intra-group transactions, are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

The results of subsidiaries disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income up to the dates of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an entity controlled by the Company. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses as set out in note 4(e) below. The results of subsidiaries are accounted for by the Company to the extent of dividends received and receivable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses as stated in note 4(e) below. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use.

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

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	Over the remaining life of the leases but not exceeding 5 years
Office equipment	5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, comprising financial assets at fair value through profit or loss, loans and receivables, and available-for-sale 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. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent financial assets held for trading if:

- they have been acquired principally for the purpose of selling in the near future; or

- they are part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- they are derivative that are not designated and effective as hedging instruments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Financial assets (continued)

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

Derivatives embedded in non-derivative host contracts are separated from the relevant hosts and deemed as held-for-trading when the economic characteristic and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

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 accounts receivable, loans receivable and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss or loans and receivables. The Group designates certain listed and unlisted investments as available-for-sale financial assets. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in fair value reserve within equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is reclassified from equity and recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

The fair value of listed available-for-sale investments is based on their quoted market prices at the end of reporting period, without any deduction for estimated future selling costs.

For available-for-sale equity investments which are not traded in an active market, fair value is estimated based upon an analysis of the respective investee's financial position and results, risk profile, nature of business, prospects, price of their recent transactions, other factors and assumptions not supported by observable market data as well as reference to market valuations for similar entities quoted in an active market, current fair value of comparable investments or applicable price/earning ratios for comparable listed companies adjusted to reflect the circumstances of the investee.

When the fair value of unlisted available-for-sale equity investments and derivatives that are linked to and must be settled by delivery of such unlisted equity instruments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, they are measured at cost less any identified impairment losses.

Impairment loss on financial assets

Objective evidence that the asset is impaired includes observable data that comes to the attention of the Group as a result of one or more of the following loss events:

– significant financial difficulty of the debtor or counterparty;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of the debtors' financial difficulty;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– a significant decline or prolonged decline in the fair value of an investment below its cost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Impairment loss on financial assets (continued)

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available for sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is reclassified from equity and recognised in profit or loss.
Any impairment losses recognised in profit or loss on available-for-sale debt investments are subsequently reversed 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.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities.

Financial liabilities

The Group's financial liabilities include accounts payable and accruals which are subsequently measured at amortised cost, using effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Consideration paid to reacquire the Company's own equity instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale or cancellation of the Company's own equity instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Derecognition (continued)

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(e) Impairment of other assets

At the end of each reporting period, the Group assesses whether there is any indication that property, plant and equipment and investments in subsidiaries have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of the fair value less costs to sell and value in use of an asset. The fair value less costs to sell is the amount that could be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less the costs of disposal, while value in use is the present value of the future cash flows expected to be derived from an asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which is restricted to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income taxes

Income taxes for the year comprise current tax and movements in deferred tax assets and liabilities. Income taxes are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income, in which case they are recognised in other comprehensive income.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income taxes (continued)

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

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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

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

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

– the same taxable entity; or

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Translation of foreign currencies

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions during the year are translated into functional currency at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

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

The results of foreign operations are translated into presentation currency at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in statement of financial position are translated into presentation currency at the foreign exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a partial disposal of an interest in an associate of which the retained interest becomes a financial interest that includes a foreign operation), 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.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Provisions and contingent liabilities

A provision is recognised when the Group or the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the possibility of an outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(i) Revenue recognition

Interest income is recognised as it accrues using the effective interest method.

Income from provision of other services is recognised when the related services are rendered.

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

(j) Operating leases

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee benefits

Salaries, annual leave and other benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group has only one defined contribution plan and the assets of which are held in separate trustee – administered funds. The Group's contributions to the defined contribution retirement scheme for all of its eligible employees are expensed as incurred. The Group's employer contributions vest fully with the employees when contributed into the retirement scheme in accordance with the rules of the retirement scheme.

(l) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Related parties (continued)

(b) (continued)

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

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

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of 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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(n) Dividends

Interim dividends are recognised directly as a liability when they are proposed and declared by the directors.

Final dividends proposed by the directors are classified as a separate allocation of retained profits within capital and reserves in the statement of financial position. Final dividends are recognised as a liability when they are approved by the shareholders.

5. TURNOVER, OTHER REVENUE AND OTHER GAINS AND (LOSSES)

The Group principally invests in securities listed on recognised stock exchanges and unlisted securities, including equity securities and convertible bonds issued by corporate entities. Turnover, other revenue and other gains and losses recognised during the year are as follows:

	2014 HK$	2013 HK$
Turnover:		
Interest income from:		
– bank deposits	81,455	47,276
– loans receivable and convertible bonds	3,127,118	4,427,545
Dividend income from:		
– listed investments	268,937	162,388
– unlisted investments	–	3,000,000
	3,477,510	7,637,209
Other revenue:		
Service fee income	147,248	37,401
Other gains and (losses):		
Fair value losses on financial assets at fair value through profit or loss:		
– trading securities	(23,938,101)	(12,462,244)
– derivative financial instruments	(12,005,338)	(6,282,568)
Fair value loss on a convertible bond designated as at fair value through profit or loss	–	(463,251)
Net realised gain on disposals of financial assets at fair value through profit or loss:		
– trading securities	836,245	3,094,469
Net loss on financial assets at fair value through profit or loss	(35,107,194)	(16,113,594)
Impairment losses on loans and receivables	(7,956,835)	(13,384,734)
Recovery of impairment losses on loans and receivables previously recognised	–	4,825,000
Recovery of loans and receivables previously written off	–	124,381
Realised gain on disposal of a convertible bond	–	125,541
Impairment losses on accounts receivable	(5,336,749)	(2,260,000)
Net loss on loans and receivables	(13,293,584)	(10,569,812)
Impairment losses on available-for-sale financial assets:		
– equity investments	(980,000)	(4,726,655)
Realised gain on disposal of available-for-sale financial assets	25,753,887	2,363,350
Net gain (loss) on available-for-sale financial assets	24,773,887	(2,363,305)
Net exchange (loss) gain on financial instruments not at fair value through profit or loss	(270,398)	264,585
	(23,897,289)	(28,782,126)

5. TURNOVER, OTHER REVENUE AND OTHER GAINS AND (LOSSES) (continued)

For management purposes, the Group's business activity is organised into one main operating segment, investment holding.

The following table provides an analysis of the Group's turnover, other revenue and other gains and losses by geographical location which is based on the domicile country or place of listing of the investees and counterparties as appropriate.

	2014 HK$	2013 HK$
Turnover and other revenue		
Hong Kong	2,122,171	4,334,729
Canada	763,568	70,382
Other countries	739,019	3,269,499
	3,624,758	7,674,610

	2014 HK$	2013 HK$
Other gains and (losses)		
Hong Kong	(1,983,850)	(11,092,749)
Canada	(33,273,301)	(15,429,554)
Other countries	11,359,862	(2,259,823)
	(23,897,289)	(28,782,126)

During the year ended 31st December, 2013, dividend income from one unlisted investment amounted for 39% of the Group's turnover for that year. During the year ended 31st December, 2014, there is no dividend income from the Group's unlisted investments.

6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense has been arrived at after charging the following:

	2014 HK$	2013 HK$
Auditor's remuneration	680,000	798,000
Management fees (note 26(a))	3,328,177	3,906,350
Contributions to defined contribution plan*	76,095	98,907
Operating leases in respect of land and buildings	1,954,800	3,024,089

* There was no forfeited contribution in respect of the defined contribution plan available at 31st December, 2014 and 2013 to reduce future contributions. There was no outstanding contribution to the plan at 31st December, 2014 and 2013.

7. INCOME TAX EXPENSE

(a) No provision for Hong Kong Profits Tax has been made for the years ended 31st December, 2014 and 2013 as the Group has sustained estimated tax losses or has no estimated assessable profit after offsetting tax losses brought forward from prior years.

The directors consider that the Group has no income subject to taxation in other jurisdictions.

7. INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expense and the Group's loss before income tax expense at applicable tax rate is set out below:

	2014 HK$	2013 HK$
Loss before income tax expense	(36,569,431)	(38,961,850)
Notional tax on loss before income tax expense, calculated at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	(6,033,956)	(6,428,707)
Tax effect of income not taxable for tax purpose	(4,881,939)	(30,600)
Tax effect of expenses not deductible for tax purpose	8,226,771	3,169,698
Tax effect of tax losses not recognised	8,187,219	3,247,024
Utilisation of tax losses not previously recognised	(46,091)	(64,687)
Utilisation of deductible temporary differences in respect of net realised losses on financial assets at fair value through profit or loss not previously recognised	(5,071,191)	–
Tax effect of other temporary differences not recognised	(380,813)	107,272
Income tax expense	–	–

8. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Details of directors' emoluments are as follows:

	2014			
	Fees HK$	Salaries, allowances and benefits in kind HK$	Contributions to defined contribution plan HK$	Total HK$
Executive directors:				
Lee Fong Lit David	100,000	–	–	100,000
Chow Pok Yu Augustine	100,000	–	–	100,000
Chan Shuen Chuen Joseph[1]	–	290,000	1,000	291,000
Cheng Ming Shun	–	777,951	34,800	812,751
Non-executive directors:				
Chu To, Jonathan[2]	17,534	–	–	17,534
William Keith Jacobsen[3]	12,329	–	–	12,329
Independent non-executive directors:				
Tong Kim Weng Kelly	100,000	–	–	100,000
Ho Man Kai Anthony	100,000	–	–	100,000
Wong Yun Kuen	100,000	–	–	100,000
	529,863	1,067,951	35,800	1,633,614

	2013			
	Fees HK$	Salaries, allowances and benefits in kind HK$	Contributions to defined contribution plan HK$	Total HK$
Executive directors:				
Lee Fong Lit David	–	–	–	–
Chow Pok Yu Augustine	87,500	–	–	87,500
Chan Shuen Chuen Joseph	–	375,300	1,680	376,980
Cheng Ming Shun[#]	–	746,503	32,760	779,263
Independent non-executive directors:				
Tong Kim Weng Kelly	87,500	–	–	87,500
Ho Man Kai Anthony	87,500	–	–	87,500
Wong Yun Kuen	87,500	–	–	87,500
	350,000	1,121,803	34,440	1,506,243

8. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Details of directors' emoluments are as follows: (continued)

[1] Chan Shuen Chuen Joseph resigned as an executive director on 29th October, 2014.

[2] Chu To, Jonathan was appointed as a non-executive director on 29th October, 2014.

[3] William Keith Jacobsen was appointed as a non-executive director on 17th November, 2014.

Notes:

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2013: two) directors whose emoluments is disclosed in note 8(a) above. The emoluments payable to the remaining three (2013: three) individuals during the year are as follows:

	2014 HK$	2013 HK$
Salaries, allowances and benefits in kind	1,263,401	1,346,672
Contributions to defined contribution plan	74,896	59,400
	1,338,297	1,406,072

Note: The emoluments of the three (2013: three) individuals are within the band from nil to HK$1,000,000.

8. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(c) Senior management's emoluments

Senior management represents the executive directors. The emoluments paid or payable to senior management during the year are as follows:

	2014 HK$	2013 HK$
Directors' fees	200,000	87,500
Salaries, allowances and benefits in kind	1,067,951	1,121,803
Contributions to defined contribution plan	35,800	34,440
	1,303,751	1,243,743

The emoluments paid or payable to the four (2013: four) members of senior management were within the band from nil to HK$1,000,000.

9. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss for the year attributable to owners of the Company includes a loss of HK$10,452,607 (2013: HK$46,024,372) which has been dealt with in the financial statements of the Company.

10. LOSSES PER SHARE

(a) Basic losses per share

The calculation of basic losses per share is based on the loss attributable to owners of the Company amounting to HK$36,569,431 (2013: HK$38,961,850) and on the weighted average number of ordinary shares of 39,058,614 (2013: 39,058,614) in issue during the year.

(b) Diluted losses per share

Diluted losses per share for the years ended 31st December, 2014 and 2013 are the same as the basic losses per share as there is no potential dilutive shares in issue during both years.

11. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31st December, 2014 and 2013.

12. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements	**Office equipment**	**Furniture and fixtures**	**Motor vehicle**	**Total**
	HK$	HK$	HK$	HK$	HK$
Cost					
At 1st January, 2013	1,090,699	524,437	544,725	1,444,000	3,603,861
Additions	346,778	–	18,055	–	364,833
Written off	(1,090,699)	–	–	–	(1,090,699)
At 31st December, 2013 and 1st January, 2014	346,778	524,437	562,780	1,444,000	2,877,995
Additions	–	16,680	–	–	16,680
At 31st December, 2014	346,778	541,117	562,780	1,444,000	2,894,675
Accumulated depreciation					
At 1st January, 2013	723,607	464,487	464,831	914,533	2,567,458
Provided for the year	386,695	11,402	24,942	288,800	711,839
Written off	(1,090,699)	–	–	–	(1,090,699)
At 31st December, 2013 and 1st January, 2014	19,603	475,889	489,773	1,203,333	2,188,598
Provided for the year	115,592	13,396	27,952	240,667	397,607
At 31st December, 2014	135,195	489,285	517,725	1,444,000	2,586,205
Carrying amount					
At 31st December, 2014	211,583	51,832	45,055	–	308,470
At 31st December, 2013	327,175	48,548	73,007	240,667	689,397

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Company				
	Leasehold improvements HK$	Office equipment HK$	Furniture and fixtures HK$	Motor vehicle HK$	Total HK$
Cost					
At 1st January, 2013	1,090,699	491,032	544,725	1,444,000	3,570,456
Additions	346,778	–	18,055	–	364,833
Written off	(1,090,699)	–	–	–	(1,090,699)
At 31st December, 2013 and 1st January, 2014	346,778	491,032	562,780	1,444,000	2,844,590
Additions	–	16,680	–	–	16,680
At 31st December, 2014	346,778	507,712	562,780	1,444,000	2,861,270
Accumulated depreciation					
At 1st January, 2013	723,607	431,082	464,831	914,533	2,534,053
Provided for the year	386,695	11,402	24,942	288,800	711,839
Written off	(1,090,699)	–	–	–	(1,090,699)
At 31st December, 2013 and 1st January, 2014	19,603	442,484	489,773	1,203,333	2,155,193
Provided for the year	115,592	13,396	27,952	240,667	397,607
At 31st December, 2013	135,195	455,880	517,725	1,444,000	2,552,800
Carrying amount					
At 31st December, 2014	211,583	51,832	45,055	–	308,470
At 31st December, 2013	327,175	48,548	73,007	240,667	689,397

13. INTERESTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$	HK$
Unlisted shares, at cost	16,718,596	16,718,596
Impairment losses on investments in subsidiaries	(16,718,580)	(16,718,580)
	16	16
Amounts due from subsidiaries *(note a)*	43,850,092	166,826,884
Allowance for impairment losses on amounts due from subsidiaries	(43,850,092)	(55,184,927)
	–	111,641,957
	16	111,641,973

The table below reconciled the allowance for impairment losses on amounts due from subsidiaries for the year.

	2014	2013
	HK$	HK$
At 1st January	55,184,927	32,647,125
Recovery of impairment losses previously recognised	(11,334,835)	–
Impairment losses recognised for the year	–	22,537,802
At 31st December	43,850,092	55,184,927

13. INTERESTS IN SUBSIDIARIES (continued)

Notes:

(a) The amounts due from subsidiaries, which have no fixed repayment terms, are unsecured, interest free and not expected to be realised within one year from the end of reporting period.

(b) The following is a list of subsidiaries at 31st December, 2014:

Name of subsidiary	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held
Plowright Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of USD1	100%*
IT Star Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of USD1	100%*
Powercell Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Quickrise Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Wingo Venture Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Datacom Venture Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of USD1	100%
Goal Vision Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of USD1	100%

* Shares held directly by the Company

None of the subsidiaries issued any debt securities at the end of reporting period.

(c) The amount due to a subsidiary is unsecured, interest free and repayable on demand.

14. DISPOSAL OF SUBSIDIARIES

On 19th December, 2014, the Group disposed of two of its subsidiaries, Gwynneth Gold Limited and Techlink Venture Limited, which are engaged in investment holding in Hong Kong. The net assets of Gwynneth Gold Limited and Techlink Venture Limited at the date of disposal were as follows:

Gwynneth Gold Limited

	19th December, 2014	
	HK$	**HK$**
Listed investments	13,805,045	
Unlisted investments	6,195,741	
Convertible bonds	5,038,547	
Other receivables	638,784	
Bank balances	501,425	
Derivative financial instruments	2,378,494	
Shareholder's loan	(10,279,549)	
Total consideration		18,278,487
Satisfied by:		
Cash	5,000,000	
The balance of consideration (note)	13,278,487	
		18,278,487
Net cash inflow arising on disposal:		
Cash consideration received	5,000,000	
Bank balances disposed of	(501,425)	
		4,498,575

Note: The consideration will be settled in cash by stage payments by the purchaser on or before 28th May, 2015.

14. DISPOSAL OF SUBSIDIARIES (continued)

Techlink Venture Limited

	19th December, 2014	
	HK$	HK$
Listed investments	541,678	
Unlisted investments	6,679,530	
Other receivables	1,124,434	
Bank balances	3,559	
Shareholder's loan	(8,349,193)	
Total consideration		8
Settlement of shareholder's loan		8,349,193
Total		8,349,201
Satisfied by:		
Cash		8,349,201
Net cash inflow arising on disposal:		
Cash consideration received	8	
Settlement of shareholder's loan	8,349,193	
Bank balances disposed of	(3,559)	
		8,345,642

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Unlisted equity securities *(note a)*	410,022	68,000,303	–	9,945,969
Club debentures	3,150,000	3,150,000	3,150,000	3,150,000
Total available-for-sale financial assets, at fair value	3,560,022	71,150,303	3,150,000	13,095,969

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

Notes:

(a) As at 31st December, 2014 and 2013, details of major equity securities included in available-for-sale financial assets are as follows:

Name of Investee	Place of incorporation	Principal activities	As at 31st December	Proportion of investee's capital owned	Investment cost HK$'000	Fair value of investment HK$'000	Dividend income received during the year HK$'000	Dividend cover	Net assets attributable to the investment HK$'000	Accumulated fair value gains on investment recognised in the financial statements HK$'000	Accumulated impairment losses on investment recognised in the financial statements HK$'000
Excel Concept Development Limited	Hong Kong	Trading of toys	2014	20.83%	2,210	410	–	–	410	273	2,073
			2013	16.67%	2,210	136	–	–	136	–	2,073
Bartan Limited	Hong Kong	Real-estate development	2014	–	–	–	–	–	–	–	–
			2013	16.5%	2,950	10,300	–	–	10,300	7,350	–
China High Growth Investment Limited #	Cayman Islands	Long short equity fund	2014	–	–	–	–	–	–	–	–
			2013	6.90%	7,797	8,966	–	–	8,966	1,169	–
Eastern Hero Investments Limited	Hong Kong	Investment holding	2014	–	–	–	–	–	–	–	–
			2013	10.00%	1,145	1,200	–	–	1,200	55	–
Dance Biopharm Inc.	Delaware	Medical development	2014	–	–	–	–	–	–	–	–
			2013	6.61%	19,473	40,222	–	–	40,222	20,749	–
Legend Picture LLC	Delaware	Production of motion pictures	2014	–	–	–	–	–	–	–	–
			2013	0.07%	2,982	6,196	–	–	(198)	3,214	–

Unless otherwise specified, all investments are indirectly held by the Company through its subsidiaries.

Directly held by the Company

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

Notes: (continued)

(b) Particulars of the impairment losses on available-for-sale financial assets recognised during the year are as follows:

2014

Name of investee	Cost of investment HK$	Accumulated impairment losses brought forward HK$	Impairment losses recognised during the year HK$	Accumulated impairment losses carried forward HK$	Carrying value HK$
Glory Wing International Limited	5,000,000	4,020,000	980,000	5,000,000	–
			980,000		

2013

Name of investee	Cost of investment HK$	Accumulated impairment losses brought forward HK$	Impairment losses recognised during the year HK$	Accumulated impairment losses carried forward HK$	Carrying value HK$
Baanto International Limited	2,728,963	–	2,728,963	2,728,963	–
Excel Concept Development Limited	2,210,178	1,162,781	910,721	2,073,502	136,676
Glory Wing International Limited	5,000,000	3,900,000	120,000	4,020,000	980,000
Guce Technology Park Limited	3,000,000	2,033,029	966,971	3,000,000	–
			4,726,655		

16. LOANS AND RECEIVABLES

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Loans to investees	35,360,690	54,137,049	6,237,346	6,237,346
Less: Allowance for impairment losses *(note b)*	(33,501,746)	(25,544,911)	(6,237,346)	(3,000,000)
Loans to investees after impairment losses *(note a)*	1,858,944	28,592,138	–	3,237,346
Convertible bonds *(note c)*	–	14,486,573	–	–
Total after impairment losses *(note d)*	1,858,944	43,078,711	–	3,237,346
Less: Current portion classified as current assets	–	(17,896,798)	–	(3,237,346)
Non-current portion classified as non-current assets	1,858,944	25,181,913	–	–

Notes:

(a) This comprises:

Loans to investees amounting to HK$1,858,944 after impairment losses of HK$14,925,900 (2013: HK$21,035,303 after impairment losses of HK$14,525,900), have no fixed repayment terms, are unsecured, interest free and not expected to be realised within one year from the end of reporting period. Further impairment losses of HK$400,000 had been recognised during the year. Imputed interest income of HK$153,491 (2013: HK$1,389,357) on certain interest free loans to investees with carrying amount of HK$1,858,944 (2013: HK$4,882,305) as at 31st December, 2014 had been recognised during the year. The effective interest rate per annum is 9% (2013: 9% to 15%).

As at 31st December, 2013, a loan to an investee amounting to HK$3,176,852 after impairment losses of HK$6,161,648 is unsecured, interest free and repayable on 31st December, 2013. Further impairment loss of HK$3,176,852 had been recognised during the year.

As at 31st December, 2013, a loan to an investee amounting to HK$1,142,637 after impairment losses of HK$1,857,363 is unsecured, interest bearing at 6% per annum and is repayable on 31st December, 2012. Further impairment loss of HK$1,142,637 had been recognised during the year.

As at 31st December, 2013, a loan to an investee by the Company amounting to HK$3,237,346 after impairment losses of HK$3,000,000 is unsecured, interest bearing at 3% per annum and is repayable on 9th April, 2013. Further impairment loss of HK$3,237,346 had been recognised during the year. The carrying amount of the loan is HK$nil as at 31st December, 2014.

16. LOANS AND RECEIVABLES (continued)

Notes: (continued)

(b) Movement of allowance for impairment losses:

	Group	
	2014 HK$	2013 HK$
Balance at 1st January	25,544,911	19,748,380
Impairment losses recognised	7,956,835	13,384,734
Recovery of impairment losses previously recognised	–	(4,825,000)
Written off of loans impaired in prior years	–	(2,763,203)
Balance at 31st December	33,501,746	25,544,911

The Group recognised impairment loss on individual assessment of loans and receivables based on the accounting policy stated in note 4(d).

(c) During the year ended 31st December, 2013, the Group subscribed for one convertible bond (the "CB1") from an unlisted company and two convertible bonds (the "CB2" and "CB3") from two companies listed outside Hong Kong with principal amounts of HK$9,000,000, HK$6,117,435 and HK$491,938 respectively. The CB1, CB2 carry interest at 8% per annum while the CB3 carries interest at 12% per annum. The maturity dates of CB1, CB2 and CB3 are 6th March, 2014, 18th December, 2016 and 21st May, 2014 respectively. The Group has the option to convert the CB1 to not more than 15% of the equity interest of the issuer. For the CB2 and CB3, the conversion exercise price for each share is US$0.25 and CAD0.05 respectively.

The investment in the CB1, CB2 and CB3 have been split between a debt component and embedded derivatives (i.e. conversion options). The Group accounted for the debt components as "loans and receivables" and the conversion options as "derivative financial instruments" (note 20). The initial carrying amounts of the conversion options amounted to HK$831,109, HK$778,063 and HK$ nil for the CB1, CB2 and CB3 respectively, which are the residual amounts after separating the debt components of HK$8,168,891, HK$4,510,952 and HK$491,938 for the CB1, CB2 and CB3 at initial recognition. The debt components are initially recognised at the sum of contractual stream of future cash flows discounted at the effective interest rate of similar bonds without the conversion options, and subsequently measured at amortised cost.

The investment in CB1 had been assigned to an independent third party during the year. The investments in CB2 and CB3 were disposed of through disposal of a subsidiary during the year. The carrying amount of debt components of the CB1, CB2 and CB3 are HK$nil (2013: HK$9,448,025), HK$nil (2013: HK$4,546,610) and HK$nil (2013: HK$491,938) respectively as at 31st December, 2014.

16. LOANS AND RECEIVABLES (continued)

Notes: (continued)

(c) (continued)

During the year, the Group subscribed for four convertible bonds (the "CB4", the "CB5", the "CB6"and the "CB7") from four unlisted companies with principal amounts of HK$2,000,000, HK$7,800,000, HK$5,000,000 and HK$7,800,000 respectively. The CB4 and the CB6 carry interest at 4% and 6% per annum respectively. The CB5 and the CB7 carry interest at 12% per annum. The maturity dates of the CB4 and the CB6 are 15th April, 2016 and 31st December, 2014 respectively. The maturity date of the CB5 and the CB7 is 31st May, 2014. The Group has the option to convert the CB4 into shares equal to 30% of the issued paid up and enlarged share capital of the issuer. The Group has the option to convert the CB5 and CB6 to not more than 30% of the equity interest of the issuers. The Group has the option to convert the CB7 to not more than 5% of the equity interest of the issuer.

During the year, the CB4 was assigned to an independent third party and the principal of HK$2,000,000 was fully settled by the assignee. The CB5 and the CB7 matured and the principal amount of HK$7,800,000 and HK$7,800,000 respectively was fully settled by the issuers during the year. The CB6 was early redeemed by the issuer on 28th November, 2014 and the principal amount of HK$5,000,000 was fully settled by the issuer during the year.

(d) The loans and receivables after impairment losses can be analysed as follows:

	Group		**Company**	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Balances neither past due nor impaired *(note i)*	1,858,944	35,521,876	–	–
Balance past due *(note ii)*				
– less than 30 days	–	3,176,852	–	–
– over 90 days but less than 1 year and impaired	–	4,379,983	–	3,237,346
	1,858,944	43,078,711	–	3,237,346

Notes:

(i) At the end of reporting period, there are no events of default in repayment of these loans which relate to a number of loans made to investees. The directors consider the investees should be able to meet their obligations to repay the debts taking into account their financial position and business prospect.

(ii) At the end of reporting period, the Group takes into consideration the likelihood of collection and the financial position of the investees. Specific allowance is made for loans that are unlikely to be collectible and is recognised based on the estimation of the present value of the future cash flows expected to be received by the Group discounted at the original effective interest rate.

16. LOANS AND RECEIVABLES (continued)

Notes: (continued)

- Particulars of the impairment losses on loans to investees recognised during the year are as follows:

2014

Name of investee	Gross amount of loans to investees	Accumulated impairment losses brought forward	Impairment losses recognised during the year	Accumulated impairment losses carried forward	Carrying value
	HK$	HK$	HK$	HK$	HK$
BioWorld International Limited	9,338,500	6,161,648	3,176,852	9,338,500	–
Guce Technology Park Limited	3,400,000	1,857,363	1,542,637	3,400,000	–
Glory Wing International Limited	6,237,346	3,000,000	3,237,346	6,237,346	–
			7,956,835		

2013

Name of investee	Gross amount of loans to investees	Accumulated impairment losses brought forward	Impairment losses recognised during the year	Accumulated impairment losses carried forward	Carrying value
	HK$	HK$	HK$	HK$	HK$
BioWorld International Limited	9,338,500	1,654,901	4,506,747	6,161,648	3,176,852
Gold China Development Limited	5,279,148	1,708,524	4,020,624	5,729,148	–
Guce Technology Park Limited	3,400,000	–	1,857,363	1,857,363	1,542,637
Glory Wing International Limited	6,237,346	–	3,000,000	3,000,000	3,237,346
			13,384,734		

17. DEFERRED TAX ASSETS

At the end of reporting period, the directors reviewed the likelihood of utilisation or reversal of the temporary differences and considered it may no longer be probable that the temporary differences could be utilised or reversed. As such, no deferred tax assets were recognised at 31st December, 2013 and 2014.

Deferred tax assets have not been recognised in respect of the following amounts of deductible temporary differences:

	Group		Company	
	2014	2013	2014	2013
	HK$	HK$	HK$	HK$
Deductible temporary differences in respect of net unrealised losses on financial assets at fair value through profit or loss	9,717,751	40,452,242	9,717,751	40,452,242
Unutilised tax losses	86,496,178	37,156,013	81,679,513	32,060,006
	96,213,929	77,608,255	91,397,264	72,512,248

No deferred tax assets in respect of the estimated tax losses and deductible temporary differences had been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

for the year ended 31st December, 2014

18. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Accounts receivable	85,649,223	25,516,764	78,649,223	–
Interest receivable	3,562	457,232	3,562	8,992
Other receivables	206,856	2,095,300	206,856	1,896,513
Receivables after allowance for impairment losses *(note)*	85,859,641	28,069,296	78,859,641	1,905,505
Deposits	365,044	2,091,649	365,044	1,119,126
Prepayments	153,506	749,686	149,700	745,880
	86,378,191	30,910,631	79,374,385	3,770,511

Note:

(a) The ageing analysis of the receivables (after allowance for impairment losses) based on due date is as follows:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Balances neither past due nor impaired *(note b)*	85,859,641	28,069,296	78,859,641	1,905,505

(b) The balances that were neither past due nor impaired relate to a number of debtors for whom there was no recent history of default.

18. ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

Notes: (continued)

(c) The table below reconciled the allowance for impairment losses on receivables for the year.

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
At 1st January	5,554,939	3,294,939	3,294,939	3,294,939
Impairment recognised for the year	5,336,749	2,260,000	–	–
At 31st December	10,891,688	5,554,939	3,294,939	3,294,939

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Trading securities *(note a)*	33,975,705	49,698,873	33,975,705	17,485,805
Convertible bonds designated as at fair value through profit or loss *(note b)*	–	4,536,749	–	–
	33,975,705	54,235,622	33,975,705	17,485,805

Notes:

(a) Trading securities

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Current assets:				
Equity securities held for trading at market value				
– Listed in Hong Kong	33,332,840	15,788,250	33,332,840	15,788,250
– Listed outside Hong Kong	642,865	33,910,623	642,865	1,697,555
	33,975,705	49,698,873	33,975,705	17,485,805

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

Notes: (continued)

(a) Trading securities (continued)

As at 31st December, 2014, details of major listed equity securities are as follows:

Name of investee	Place of incorporation	As at 31st December	Proportion of investee's capital owned	Cost	Market value	Dividend income received during the year	Dividend cover	Net assets (liabilities) attributable to the investment	Accumulated fair value gains (losses) on investment recognised in the financial statements
				HK$'000	HK$'000	HK$'000		HK$'000	HK$'000
Listed in Hong Kong:									
China Oil Gangran Energy Group Holdings Limited ("China Oil")) *(note i)*	Cayman Islands	2014	1.9%	21,768	17,378	–	–	6,612	(4,393)
		2013	N/A						
Kaisun Energy Group Limited ("Kaisun") *(note ii)*	Cayman Islands	2014	0.74%	8,332	1,655	–	–	3,278	(6,678)
		2013	3.32%	37,658	10,869	–	–	21,474	(26,789)
Millennium Pacific Group Holdings Ltd. ("Millennium") *(note iii)*	Cayman Islands	2014	0.34%	8,220	8,262	–	–	112	42
		2013	N/A						
Upbest Group ("Upbest") *(note iv)*	Cayman Islands	2014	0.30%	1,249	6,040	143	3.42	4	4,791
		2013	0.30%	1,249	3,880	143	3.47	4	2,631
Listed outside Hong Kong:									
Medifocus Inc ("MFS")* *(note v)*	Ontario	2014	0.74%	2,377	643	–	–	177	(1,734)
		2013	13.75%	20,362	28,820	–	–	1,573	8,458

Unless otherwise specified, all of the above investments are directly held by the Company.

* 0% (2013: 94%) and 100% (2013: 6%) of the Group's equity interest in the investment are held by a subsidiary and the Company respectively.

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

Notes: (continued)

(a) Trading securities (continued)

Notes:

(i) China Oil is mainly engaged in gas and oil exploitation, LNG and CNG sales, city natural gas sales, primary gas filling stations and LNG filling stations

(ii) Kaisun is engaged in the mining, sales and processing of coking coal in the People's Republic of China.

(iii) Millennium is primarily engaged in the research, development, manufacture, and sale of consumer electronic products.

(iv) Upbest provides a wide range of financial services including securities broking, margin financing, loan financing, corporate finance advisory, futures broking and asset management.

(v) MFS is engaged in the business of development and commercialisation of minimally invasive, focused heat tumor targeting cancer treatment devices and systems.

(b) Convertible bonds designated as at fair value through profit or loss

During the year ended 31st December, 2012, the Group subscribed for convertible bonds (the "CB8") from an unlisted company with principal amount of HK$5,000,000. The CB8 carries interest at 8% per annum. The maturity date of the CB8 is 19th December, 2014. The Group has the option to convert the CB8 to 15% of the equity interest of the issuer. Management designated the CB8 as financial asset at fair value through profit or loss at initial recognition. As at 31st December, 2013, the fair value of the CB8 is HK$4,536,749 based on the valuation as at 31st December, 2013. On 19th December, 2014, the CB8 matured and the amount is reclassified to accounts receivable. As the recoverability is considered by the directors as doubtful, full impairment of HK$4,536,749 is made during the year.

Binomial option pricing model was used for valuation of the CB8. The inputs into the valuation model as at 31st December, 2013 were as follows:

	31st December, 2013 CB8
Grant date	19th December, 2012
Maturity date	19th December, 2014
Coupon rate (per annum)	8%
Share price per share	HK$ nil
Exercise price per share	HK$2.833
Risk free rate	0.187%
Expected life (years)	0.97
Expected volatility	37.602%
Expected dividend yield	–

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Warrants *(note a)*	–	11,907,529	–	–
Embedded derivatives in convertible bonds *(note b)*	–	2,476,303	–	–
	–	14,383,832	–	–

Notes:

(a) Warrants

As at 31st December, 2013, the Group holds three warrants (the "Warrant 1", the "Warrant 2" and the "Warrant 3") issued by an overseas listed company, MFS. The fair values of the warrants are based on the valuation as at 31st December, 2013. The Warrant 1, the Warrant 2 and the Warrant 3 were disposed through disposal of a subsidiary during the year. Net loss on the warrants of HK$10,587,872 (2013: HK$7,149,699) has been recognised in profit or loss during the year.

Binomial option pricing model was used for valuation of the Warrant 1 and the Warrant 2. The inputs into the valuation model as at 31st December, 2013 were as follows:

	31st December, 2013	
	Warrant 1	**Warrant 2**
Number of warrants	8,866,666	3,533,334
Grant date	21st June, 2012	21st September, 2012
Maturity date	21st June, 2014	21st September, 2014
Share price per share	CAD 0.25	CAD 0.25
Exercise price per share	CAD 0.20	CAD 0.20
Risk free rate	0.95%	0.97%
Expected life (years)	0.47	0.72
Expected volatility	114.49%	131.46%
Expected dividend yield	Nil	Nil

20. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(a) Warrants (continued)

Monte-Carlo simulation model was used for valuation of the Warrant 3. The inputs into the valuation model as at 31st December, 2013 were as follows:

	31st December, 2013 Warrant 3
Number of warrants	1,580,000
Grant date	18th December, 2013
Maturity date	18th December, 2016
Share price per share	USD0.2305
Exercise price per share	USD0.3000
Risk free rate	0.765%
Expected life (years)	2.97
Expected volatility	147.10%
Expected dividend yield	Nil

(b) Embedded derivatives in convertible bonds

This represents the fair value of the conversion options embedded in the CB1 and the CB2 of HK$nil and HK$2,476,303 respectively as mentioned in note 16(c) as at 31st December, 2013. The fair value of the options embedded in the convertible bonds is based on the valuations as at 31st December, 2013. As at 31st December, 2014, there was no conversion option as the CB1 was assigned to an independent third party and CB2 was disposed through disposal of a subsidiary during the year.

Net loss on the options embedded in the convertible bonds of HK$1,417,466 (2013: gain of HK$867,131) had been recognised in profit or loss during the year.

Binomial option pricing model was used for valuation of the options embedded in the two convertible bonds. The inputs into the valuation model as at 31st December, 2013 were as follows:

	31st December, 2013	
	CB1 Conversion option	CB2 Conversion option
Share price per share	HK$136.8644	USD0.2305
Conversion price per share	HK$1,937.98	USD0.25
Volatility	37.589%	147.10%
Dividend yield	–	–
Option life (years)	0.18	2.97
Risk free rate	0.11%	0.751%

20. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(b) Embedded derivatives in the convertible bonds (continued)

The inputs into the valuation model as at 31st December, 2013 were as follows:

	Glory Wing Convertible Bonds 31st December, 2013	
	Redemption option	**Conversion option**
Redemption price	HK$75,600,000 (HK$6,480,000 attributable to the Group)	N/A
Share price per share	N/A	HK$4,400
Conversion price per share	N/A	HK$13,006
Volatility	57.2%	57.2%
Dividend yield	–	–
Option life (years)	0.27	0.27
Risk free rate	0.05%	0.05%

	31st December, 2013	
	CB4 Conversion option	**CB5 Conversion option**
Share price per share	HK$891,045	HK$12
Conversion price per share	HK$1,500,000	HK$700
Volatility	0%	47.86%
Dividend yield	–	–
Option life (years)	0.29	1.87
Risk free rate	0.05%	0.112%

Volatility of the share price was determined based on the historical volatilities of the share prices of companies that are considered comparable to the issuers of the convertible bonds.

21. ACCOUNTS PAYABLE AND ACCRUALS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Accruals and other payables	7,217,095	7,369,905	6,456,730	6,202,368
Unclaimed dividend payable	158,956	159,291	158,956	159,291
	7,376,051	7,529,196	6,615,686	6,361,659

The aging analysis of accounts payable is as follows:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Current	7,217,095	7,369,905	6,456,730	6,202,368
Over 1 year	158,956	159,291	158,956	159,291
	7,376,051	7,529,196	6,615,686	6,361,659

22. SHARE CAPITAL

	Number of shares	Amount HK$
Authorised:		
Ordinary shares of HK$1 each at 1st January, 2013, 31st December, 2013, 1st January, 2014 and 31st December, 2014	100,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK$1 each at 1st January, 2013, 31st December, 2013, 1st January, 2014 and 31st December, 2014	39,058,614	39,058,615

22. SHARE CAPITAL (continued)

Note:

Capital Management

The Company's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. It is the Company's policy to finance its operations merely by internal funding and raising capital from shareholders. Therefore, the Group has no or insignificant borrowings. No changes were made to the objectives or policies during the year.

23. RESERVES

	Company			
	Share premium	Fair value reserve	Retained profits (accumulated losses)	Total
	HK$	HK$	HK$	HK$
At 1st January, 2014	162,768,326	3,087,609	(35,027,546)	130,828,389
Loss for the year	–	–	(10,452,607)	(10,452,607)
Losses on fair value changes on available-for-sale financial assets	–	(1,026,976)	–	(1,026,976)
Transfer of fair value gain to profit or loss upon disposal of available-for-sale financial assets	–	(141,993)	–	(141,993)
At 31st December, 2014	162,768,326	1,918,640	(45,480,153)	119,206,813
At 1st January, 2013	162,768,326	2,284,185	10,996,826	176,049,337
Loss for the year	–	–	(46,024,372)	(46,024,372)
Gains on fair value changes on available-for-sale financial assets	–	683,424	–	683,424
Impairment losses on available-for-sale financial assets recognised in profit or loss	–	120,000	–	120,000
At 31st December, 2013	162,768,326	3,087,609	(35,027,546)	130,828,389

23. RESERVES (continued)

The nature and purpose of the reserves are as follows:

Share premium represents the amount by which the issue price of shares exceeds the par value of those shares and is distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Fair value reserve represents the cumulative net change in fair value of available-for-sale financial assets held at the end of reporting period and is dealt with in accordance with the accounting policy in note 4(d).

24. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the Group's net assets of HK$172,848,694 (2013: HK$241,681,687) divided by the Company's ordinary shares in issue of 39,058,614 as at 31st December, 2014 and 2013.

25. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before income tax expense to cash used in operations:

	2014 HK$	2013 HK$
Cash flows from operating activities		
Loss before income tax expense	(36,569,431)	(38,961,850)
Interest income	(3,208,573)	(4,474,821)
Dividend income from available-for-sale financial assets	–	(3,000,000)
Depreciation of property, plant and equipment	397,607	711,839
Fair value losses on trading securities	23,938,101	12,462,244
Fair value losses on derivative financial instruments	12,005,338	6,282,568
Fair value loss on a convertible bond designated as at fair value through profit or loss	–	463,251
Impairment losses on available-for-sale financial assets – equity investments	980,000	4,726,655
Gains on disposal of available-for-sale financial assets	(25,753,887)	(2,363,350)
Impairment losses on loans and receivables	7,956,835	13,384,734
Recovery of impairment loss on loans and receivables previously recognised	–	(4,825,000)
Impairment losses on accounts receivable	5,336,749	2,260,000
Loss before working capital changes	(14,917,261)	(13,333,730)
(Increase) decrease in trading securities	(22,561,656)	19,870,279
Decrease (increase) in accounts receivable and prepayments	27,250,478	(20,732,625)
(Decrease) increase in accounts payable and accruals	(153,145)	323,613
Decrease in amount due to a related company	–	(1,058,997)
Cash used in operations	(10,381,584)	(14,931,460)

Major non-cash transactions

Imputed interest income of HK$ 153,491 (2013: HK$1,389,357) on certain loans to investees was recognised during the year.

26. RELATED PARTY TRANSACTIONS

(a) The Company has entered into an investment management agreement with Harmony Asset Management Limited ("HAML"), a company which is wholly-owned by a director of the Company, Dr. Chow Pok Yu Augustine. Under the investment management agreement entered into between the Company and HAML on 8th April, 2010, (the "Original Investment Management Agreement"), HAML has agreed to provide investment management services to the Group for three years until 31st May, 2013.

On 11th April, 2013, the Company entered into a new investment management agreement with HAML (the "New Investment Management Agreement") as detailed in the circular dated 10th May, 2013 whereby HAML agreed to provide investment management services for three additional years until 31st May, 2016. In accordance with the Original Investment Management Agreement and the New Investment Management Agreement, HAML is entitled to a monthly management fee calculated at 1.5% per annum on the net asset value of the Group of the preceding month and an incentive fee calculated at 10% of the audited net profit of the Group in a financial year (before accrual of the incentive fee) subject to caps of HK$5,690,073 and HK$4,827,726 for management fees and incentive fee respectively for the year ended 31st December, 2014.

On 24th April, 2013, the Company and HAML entered into the supplemental agreement (the "Supplemental Agreement") to amend the calculation method of the incentive fee under the New Investment Management Agreement. After entering into the Supplemental Agreement, the incentive fee payable by the Company to HAML under the New Investment Management Agreement (as amended by the Supplemental Agreement) in respect of each financial year shall be 10% of the audited net profit of the Group in the financial year and for the purpose of calculating the audited net profit of the Group in the financial year (i) any audited net loss of the Group in any financial year commencing 1st January, 2013 shall be carried forward and set off against the audited net profit of the Group in subsequent financial years, and (ii) the audited net profit of the Group in the financial year shall be calculated before accrual of any incentive fee that will be payable. The New Investment Management Agreement and the Supplemental Agreement were approved by the independent shareholders of the Company at the extraordinary meeting of the Company which was held on 31st May, 2013.

26. RELATED PARTY TRANSACTIONS

(a) (continued)

Dr. Chow Pok Yu Augustine, being a beneficial shareholder of HAML, is interested in the Original Investment Management Agreement and the New Investment Management Agreement during the years ended 31st December, 2014 and 2013. The management fees and incentive fee paid and payable to HAML are as follows:

	2014 HK$	2013 HK$
Management fees	3,328,177	3,906,350
Incentive fee	–	–

In the opinion of the Company's independent non-executive directors, the transactions have been entered into on normal commercial terms and in the ordinary and usual course of business of the Company. The independent non-executive directors also consider that the transactions which are conducted in accordance with the terms of the Original Investment Management Agreement and New Investment Management Agreement are fair and reasonable and in the interests of the Company's shareholders as a whole.

The above transactions are continuing connected transactions in respect of which the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(b) Remuneration of key management personnel of the Group representing amounts paid to the Company's executive directors is disclosed in note 8(c).

27. OPERATING LEASES

The Group leases an office under operating leases. The leases typically run for an initial period of three years, with an option to renew the lease after that date at which time all terms are renegotiated.

At 31st December, 2014, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group and Company	
	2014	2013
	HK$	HK$
Within one year	1,954,800	1,954,800
In the second to fifth years inclusive	1,710,450	3,563,438
	3,665,250	5,518,238

28. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's and the Company's financial instruments as at 31st December, 2014 and 2013 are categorised as follows:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Available-for-sale financial assets	3,560,022	71,150,303	3,150,000	13,095,969
Loans and receivables				
Amounts due from subsidiaries	–	–	–	111,641,957
Loans and receivables	1,858,944	43,078,711	–	3,237,346
Accounts receivable	85,859,641	28,069,296	78,859,641	1,905,505
Bank balances and cash	54,143,413	30,878,872	54,137,701	26,327,662
	145,422,020	102,026,879	136,147,342	143,112,470
Financial assets at fair value through profit or loss				
Trading securities	33,975,705	49,698,873	33,975,705	17,485,805
Convertible bonds designated as at fair value through profit or loss	–	4,536,749	–	–
Derivative financial instruments	–	14,383,832	–	–
	33,975,705	68,619,454	33,975,705	17,485,805
Total financial assets	179,397,725	241,796,636	170,123,047	173,694,244
Financial liabilities at amortised cost				
Accounts payable and accruals	7,376,051	7,529,196	6,615,686	6,361,659
Amount due to a subsidiary	–	–	6,065,163	–
Total financial liabilities	7,376,051	7,529,196	12,680,849	6,361,659

28. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors review and agree policies for managing each of these risks and they are summarised below.

(i) Market risk

– Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the exchange rate of Hong Kong dollar ("HK$") against Canadian dollar ("CAD"). As Hong Kong dollar is pegged with United States dollar ("USD"), the directors consider the exposure of the Group arising from fluctuation of the exchange rate of HK$ against USD is limited. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

As substantial amount of the Group and the Company's financial assets and financial liabilities are denominated in HK$, the directors consider that the Group's foreign exchange risk is merely limited to the carrying amount of those bank balances and cash, accounts and other receivables and trading securities denominated in CAD. Their carrying amounts at the end of the reporting period are as follows:

CAD to HK$:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Accounts and other receivables	–	34,262	–	–
Trading securities	642,865	32,905,023	642,865	1,697,555
Bank balances and cash	2,709,671	4,083,778	2,709,671	1,667,078
Derivative financial instruments	–	9,567,384	–	–
	3,352,536	46,590,447	3,352,536	3,364,633

28. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk

– Foreign exchange risk (continued)

The Group does not use any derivative contracts to hedge foreign exchange exposure. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following sensitivity analysis on foreign exchange risk only represents the aforementioned financial assets that are denominated in CAD. The following table indicates the approximate effect on the profit after tax in response to reasonably possible changes in an exchange rate to which the Group and the Company has significant exposure at the end of reporting period.

	Group		Company	
	2014 Decrease/ (increase) in loss after tax HK$	2013 Decrease/ (increase) in loss after tax HK$	2014 Decrease/ (increase) in loss after tax HK$	2013 Decrease/ (increase) in loss after tax HK$
CAD to HK$:				
Appreciates by 6% (2013: 6%)	201,152	2,795,427	201,152	253,866
Depreciates by 6% (2013: 6%)	(201,152)	(2,795,427)	(201,152)	(253,866)

28. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

– Price risk

The Group is exposed to price risk of equity securities which are classified on the Group and the Company's statements of financial positions either as available-for-sale financial assets or financial assets at fair value through profit or loss. Such investments are susceptible to market price risk arising from uncertainties about their future prices. Such risk is managed through diversification of investment portfolio.

The sensitivity analysis on equity price risk represents the Group and the Company's financial assets classified as at fair value through profit or loss which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. The below analysis in respect of those financial assets at fair value through profit or loss at the end of reporting period is estimated based on the historical correlation (one year is used by the Company) between Hang Seng Index, Growth Enterprise Market ("GEM") Index and Toronto Stock Exchange Venture ("TSX Venture") Composite Index and the respective share prices assuming all other variables remain constant.

28. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

– Price risk (continued)

	Group		Company	
	2014 Decrease/ (increase) in loss after tax HK$	2013 Decrease/ (increase) in loss after tax HK$	2014 Decrease/ (increase) in loss after tax HK$	2013 Decrease/ (increase) in loss after tax HK$
Hang Seng Index				
Increase by 20% (2013: 20%)	2,338	227,701	2,338	227,701
Decrease by 20% (2013: 20%)	(2,338)	(227,701)	(2,338)	(227,701)
GEM Index				
Increase by 25% (2013: 25%)	211,064	1,555,718	211,064	1,555,718
Decrease by 25% (2013: 25%)	(211,064)	(1,555,718)	(211,064)	(1,555,718)
TSX Venture Composite Index				
Increase by 25% (2013: 25%)	70,179	10,513,841	70,179	634,199
Decrease by 25% (2013: 25%)	(70,179)	(10,513,841)	(70,179)	(634,199)

28. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

– Price risk (continued)

Sensitivity analysis on equity price risk of the financial assets at fair value through profit or loss and the available-for-sale financial assets listed in overseas stock exchanges other than TSX Venture has not been presented as the reasonably possible changes in their prices will have insignificant impact on the financial statements.

As mentioned in note 4(d), the directors estimate the fair value of those available-for-sale equity instruments which are not traded in an active market by analysis of respective investee's circumstances on case by case basis. Majority of these investments' fair values have been estimated by the directors based on unobservable market data. Accordingly, the directors consider it is not meaningful to present sensitivity analysis resulted from reasonably possible changes in prices of these investments.

– Interest rate risk

The Group's interest bearing financial assets are loans and receivables, accounts receivable and bank deposits. As the interest bearing loans and receivables, and accounts receivable carry fixed interest rates, the Group is not exposed to cash flow interest rate risk on these financial assets. The Group's bank deposits carry variable interest rates. Therefore, the Group is exposed to cash flow interest rate risk from bank deposits. Sensitivity analysis on cash flow interest rate risk has not been presented as the reasonably possible changes in interest rate will have insignificant impact on the financial statements.

The Group does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

28. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk

Counterparties and cash transactions are limited to those debtors, borrowers and investees considered by directors having a good credit standing and business prospect.

The bank balances and cash are placed with financial institutions that have a good credit rating and therefore the Group considers the credit risk on bank deposits to be insignificant.

The Group and the Company have concentration of credit risk as the Group's loans to its one investee (2013: five investees) account for 100% (2013: 84%) of the total carrying amount of the loans and receivables as at 31st December, 2014. The Group's and Company's loan to one borrower accounts for 100% (2013: 33%) and nil (2013: 48%) of the Group's and the Company's total carrying amount of loans receivable respectively. Taking into account the financial position and business prospect of these investees and borrowers, the directors consider the borrowers should be able to meet their obligations to repay the debts (after impairment loss recognised by the Group). As the aforementioned borrowers are the Group's investees or potential investees, the Group is in a better position to assess the recoverability of the loans, recognise adequate impairment losses and enforce the repayment of loans. In this regard, the directors consider the exposure from concentration of credit risk is reduced to an acceptable level.

The Group and the Company have concentration of credit risk as the Group's receivables from its three (2013: three) debtors account for 82% (2013: 85%) of the total carrying amount of the accounts receivable as at 31st December, 2014. The Group's and Company's receivables from one of its debtors accounts for 31% (2013: 40%) and 34% (2013: 95%) of the Group's and the Company's total carrying amount of loans receivable respectively. Taking into account the financial position of these debtors, the directors consider the debtors should be able to meet their obligations to repay the debts (after impairment loss recognised by the Group). As the aforementioned debtors are the Group's investees or potential investees, the Group is in a better position to assess the recoverability of the loans, recognise adequate impairment losses and enforce the repayment of loans. In this regard, the directors consider the exposure from concentration of credit risk is reduced to an acceptable level.

28. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk the Group is unable to meet its current obligations when they fall due.

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its investment commitments and daily operation.

The contractual undiscounted cash flows of the Group and the Company's financial liabilities approximate the aggregate carrying amount of the current liabilities which are payable within one year, as the impact of discounting is insignificant.

(b) Fair value estimation

For financial instruments that are measured in the statement of financial position at fair value, IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For financial instruments that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

The following tables present the Group's and the Company's financial assets that are measured at fair value at 31st December, 2014 and 2013.

	Group			
	2014			
	Level 1	Level 2	Level 3	Total
	HK$	HK$	HK$	HK$
Available-for-sale financial assets				
Unlisted equity securities at fair value	–	–	410,022	410,022
Club debentures	–	3,150,000	–	3,150,000
	–	3,150,000	410,022	3,560,022
Financial assets at fair value through profit or loss				
Equity securities held for trading at market value listed in Hong Kong	33,332,840	–	–	33,332,840
Equity securities held for trading at market value listed outside Hong Kong	642,865	–	–	642,865
	33,975,705	–	–	33,975,705
Total financial assets at fair value	33,975,705	3,150,000	410,022	37,535,727

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

	Group			
	2013			
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Available-for-sale financial assets				
Unlisted equity securities at fair value	–	49,187,886	18,812,417	68,000,303
Club debentures	–	3,150,000	–	3,150,000
	–	52,337,886	18,812,417	71,150,303
Financial assets at fair value through profit or loss				
Equity securities held for trading at market value listed in Hong Kong	15,788,250	–	–	15,788,250
Equity securities held for trading at market value listed outside Hong Kong	30,920,248	2,990,375	–	33,910,623
Derivative financial instruments	–	–	14,383,832	14,383,832
Convertible bond designated as at fair value through profit or loss	–	–	4,536,749	4,536,749
	46,708,498	2,990,375	18,920,581	68,619,454
Total financial assets at fair value	46,708,498	55,328,261	37,732,998	139,769,757

During year ended 31st December, 2013, a trading security listed outside Hong Kong with fair value of HK$2,990,375 as at 31st December, 2013 was transferred from Level 1 to Level 2. There was a transfer from Level 1 to Level 2 because the trading of the shares of this listed company has been suspended since 7th June, 2013, and the directors have estimated its fair value as at 31st December, 2013 based on the last traded market price before suspension of trading.

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

	Company			
	2014			
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Available-for-sale financial assets				
Club debentures	–	3,150,000	–	3,150,000
	–	3,150,000	–	3,150,000
Financial assets at fair value through profit or loss				
Equity securities held for trading at market value listed in Hong Kong	33,332,840	–	–	33,332,840
Equity securities held for trading at market value listed outside Hong Kong	642,865	–	–	642,865
	33,975,705	–	–	33,975,705
Total financial assets at fair value	33,975,705	3,150,000	–	37,125,705

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

	Company			
	2013			
	Level 1	Level 2	Level 3	Total
	HK$	HK$	HK$	HK$
Available-for-sale financial assets				
Unlisted equity securities at fair value	–	8,965,969	980,000	9,945,969
Club debentures	–	3,150,000	–	3,150,000
	–	12,115,969	980,000	13,095,969
Financial assets at fair value through profit or loss				
Equity securities held for trading at market value listed in Hong Kong	15,788,250	–	–	15,788,250
Equity securities held for trading at market value listed outside Hong Kong	1,697,555	–	–	1,697,555
	17,485,805	–	–	17,485,805
Total financial assets at fair value	17,485,805	12,115,969	980,000	30,581,774

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair value of these financial assets are determined including their fair value hierarchy, valuation technique(s) and key input(s) used.

Group
2014

Financial assets	Fair value as at 31st December, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
1) Available for sale financial assets	3,560,022				
a) Unlisted	410,022				
– Unlisted equity investees	410,022	Level 3	Adjusted net asset value of the investment	N/A	N/A
b) Club debenture	3,150,000	Level 2	Fair value was determined by reference to second hand market value	N/A	N/A
2) Financial assets at fair value through profit or loss					
Listed equity securities held for trading	33,975,705	Level 1	Quoted market price	N/A	N/A

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

Group

2013

Financial assets	Fair value as at 31st December, 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
1) Available for sale financial assets	71,150,303				
a) Unlisted	68,000,303				
– Unlisted equity investment	980,000	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow	The higher the future cash flow, the higher the fair value.
				Discount rates that correspond to the expected risk level	The lower the discount rate, the higher the fair value.
– Unlisted equity investment	11,500,000	Level 3	Discounted and adjusted net asset value based on the fair value of the properties held	Fair value of properties held	The higher the fair value of properties held, the higher the fair value.
				Discount on net asset value	The lower the discount on net asset value, the higher the fair value.
– Unlisted fund	8,965,969	Level 2	Adjusted net asset value based on quoted price of listed securities held by the fund	N/A	N/A
– Unlisted equity investment	6,195,742	Level 3	Valuation multiple (Enterprise value ("EV")/Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")) derived from most recent transaction price of the investment in December 2012	EBITDA	The higher the EBITDA, the higher the fair value.
– Unlisted equity investment	40,221,917	Level 2	Recent transaction price of the investment near year end date	N/A	N/A
– Unlisted equity investment	136,675	Level 3	Adjusted net asset value of the investees	N/A	N/A
b) Club debenture	3,150,000	Level 2	Fair value was determined by reference to second hand market value	N/A	N/A

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

Group

2013

Financial assets	Fair value as at 31st December, 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
2) Financial assets at fair value through profit or loss	68,619,454				
a) Listed equity securities held for trading	46,708,498	Level 1	Quoted market price	N/A	N/A
b) Listed equity securities held for trading	2,990,375	Level 2	Latest market price before suspension	N/A	N/A
c) Warrants in listed companies	9,655,547	Level 3	Binomial option pricing model is used.	Future price of the underlying equity investment	The higher the future price, the higher the fair value.
				Risk-free rates that are specific to the market	The lower the risk-free rate, the higher the fair value.
				Volatility rates that are in line with those of similar products	The higher the volatility rate, the higher the fair value.
d) Warrants in listed companies	2,251,982	Level 3	Monte-Carlo simulation model is used.	Future price of the underlying equity investment	The higher the future price, the higher the fair value.
				Risk-free rates that are specific to the market	The lower the risk-free rate, the higher the fair value.
				Volatility rates that are in line with those of similar products	The higher the volatility rate, the higher the fair value.

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

Company
2014

Financial assets	Fair value as at 31st December, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
1) Available for sale financial assets					
Club debenture	3,150,000	Level 2	Fair value was determined by reference to second hand market value	N/A	N/A
2) Financial assets at fair value through profit or loss					
Listed equity securities held for trading	33,975,705	Level 1	Quoted market price	N/A	N/A

Company
2013

Financial assets	Fair value as at 31st December, 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
1) Available for sale financial assets	13,095,969				
a) Unlisted	9,945,969				
– Unlisted equity investment	980,000	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow Discount rates that correspond to the expected risk level	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.
– Unlisted fund	8,965,969	Level 2	Adjusted net asset value based on quoted price of listed securities held by the fund	N/A	N/A
b) Club debenture	3,150,000	Level 2	Fair value was determined by reference to second hand market value	N/A	N/A
2) Financial assets at fair value through profit or loss					
Listed equity securities held for trading	17,485,805	Level 1	Quoted market price	N/A	N/A

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

The following table presents the changes in Level 3 instruments of the Group and the Company during the year.

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
At 1st January	37,732,998	85,681,769	980,000	1,100,000
Total gains or losses:				
– in profit or loss (included in other gains and losses)	(2,366,605)	(14,947,661)	(980,000)	(120,000)
– in other comprehensive income	(10,345,387)	(21,703,098)	–	–
Purchases	–	3,347,770	–	–
Disposals	(20,074,235)	(25,932,795)	–	–
Reclassified to accounts receivable	(4,536,749)	–	–	–
Transfer from Level 2	–	11,287,013	–	–
At 31st December	410,022	37,732,998	–	980,000

All gains and losses included in other comprehensive income relate to available-for-sale financial assets and are reported as changes in "fair value reserve".

During the year ended 31st December, 2013, a convertible bond of carrying value of HK$5,000,000 as at 31st December, 2012 was transferred from Level 2 to Level 3 upon the change of valuation technique to estimate its fair value at end of reporting date. The directors considered that the transaction price of HK$5,000,000 as at 19th December, 2012 (Level 2) approximated the fair value as at 31st December, 2012. As at 31st December, 2013, the valuation technique for 2012 is not applicable as there was no recent transaction price. An independent professional valuer was appointed to estimate the fair value of the convertible bond using binomial option pricing model (Level 3) and the fair value of the convertible bond was estimated to be HK$4,536,749 as at 31st December, 2013. The convertible bond expired on 19th December, 2014 and the carrying amount of HK$4,536,749 is reclassified as accounts receivable.

28. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

During the year ended 31st December, 2013, an unlisted equity investment of the Group of carrying value of HK$6,287,013 as at 31st December, 2012 was transferred from Level 2 to Level 3 upon the change of the valuation technique to estimate its fair value at end of reporting date. The directors considered that the recent transaction price of HK$6,287,013 in December 2012 (Level 2) approximated the fair value as at 31st December, 2012. As at 31st December, 2013, the valuation technique for 2012 is not applicable as there was no recent transaction price. An independent professional valuer was appointed to estimate the fair value of the unlisted equity investment using valuation multiple (EV/EBITDA) derived from the most recent transaction price of the investment in December 2012 (Level 3) and the fair value of the unlisted equity investment was estimated to be HK$6,195,742 as at 31st December, 2013.

The amount of total gains or losses for the year included in profit or loss that are attributable to the change in unrealised gains or losses relating to those Level 3 financial assets held at the end of reporting period are as follows:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Net unrealised loss for the year on Level 3 financial assets held at the end of reporting period recognised in – profit or loss (included in other gains and losses)	980,000	12,584,311	980,000	120,000

The directors consider all the financial instruments carried at cost or amortised cost are carried at amounts in the statements of financial position not materially different from their fair values.

29. KEY SOURCES OF ESTIMATION UNCERTAINTY

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the financial instruments at fair value. The directors of the Company determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of a financial instrument, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group considers to engage third party qualified valuers to perform the valuation as appropriate. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. For more detailed information in relation to the fair value measurement of the financial instruments, please refer to the applicable notes.

29. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) Impairment of loans made to investees, convertible bonds and accounts receivable

The directors regularly review the recoverability of loans made to investees including convertible bonds and accounts receivable. Appropriate impairment for estimated irrecoverable amounts is recognised in profit or loss when there is objective evidence that the amounts are not recoverable. In determining whether allowances for impairment loss are required, the directors take into consideration the aging and likelihood of collection as well as the financial position of the counterparties. Specific allowance is made for loans and receivables that are unlikely to be collectible and is recognised based on the estimation of the present value of the future cash flows expected to be received by the Group discounted at the original effective interest rate. During the year, impairment losses on loans and receivables amounted to HK$7,956,835 (2013: HK$13,384,734).