

Earnest

Investments Holdings Limited

(Continued into Bermuda with limited liability)

(stock code: 339)

Annual Report **2014**



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. CHAN Chak Paul (*Chairman*)
Mr. NGAI Wah Sang (*Deputy Chairman*
& *Chief Executive Officer*)
Mr. WANG Daming

Independent Non-executive Directors

Mr. CHAN Francis Ping Kuen
Mr. TAN Yee Boon
Mr. WANG Jia Hua

COMPANY SECRETARY

Ms. CHUI Yee Man

AUDITOR

Messrs. RSM Nelson Wheeler
Certified Public Accountants

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room A,
5/F., Xiu Hua Commercial Building
211-213 Jaffe Road
Wanchai, Hong Kong

PRINCIPAL BANKER

Hang Seng Bank

STOCK CODE

339

INVESTMENT MANAGER

Success Talent Investments Limited

DIRECTORS OF THE INVESTMENT MANAGER

Ms. Zheng Wanqiu
Mr. CHOI Wai Yin

AUDIT COMMITTEE

Mr. CHAN Francis Ping Kuen (*Chairman*)
Mr. TAN Yee Boon
Mr. WANG Jia Hua

REMUNERATION COMMITTEE

Mr. TAN Yee Boon (*Chairman*)
Mr. CHAN Francis Ping Kuen
Mr. WANG Jia Hua

NOMINATION COMMITTEE

Mr. CHAN Chak Paul (*Chairman*)
Mr. TAN Yee Boon
Mr. CHAN Francis Ping Kuen

PRINCIPAL REGISTRAR

Appleby Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM12

BRANCH REGISTRAR

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Chairman's Statement

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Earnest Investments Holdings Limited (the "Company") for the year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Appropriations

For the year ended 31 December 2014, the Company recorded a turnover of approximately HK\$26.8 million (2013: HK\$12.9 million), profit attributable to owners of approximately HK\$0.6 million (2013: loss of HK\$6.4 million) and basic earnings per share of HK\$0.008 (2013: loss per share of HK\$0.079). The increase in turnover was mainly due to the increase in trading of listed securities. As compared to last year, profit for the year was mainly due to gains on disposals of and change in fair value gains on Hong Kong listed securities.

Business Review

For the year ended 31 December 2014, the Company recorded the gains on disposals of the Company's investments in trading securities amounting to approximately HK\$874,000 (2013: HK\$120,000). The carrying value of the Company's share portfolio increased by 9% to approximately HK\$36 million as at 31 December 2014. The Company will continue to be cautious in making new investments and trading of listed securities under current economic fluctuation in Europe and the worldwide ongoing quantum ease atmosphere, and is aimed to maintain and grow its portfolio value in future. However, as the Company's operating results are mostly driven by the Company's investments in trading securities, its performance will continuously be affected by the prevailing global stock market.

The Company's portfolio of Hong Kong listed securities as at 31 December 2014 consisted of China Dynamic (Holdings) Limited, New Times Energy Corporation Limited, Shougang Concord Century Holdings Limited, Shougang Concord International Enterprises Company Limited, APAC Resources Limited, Hong Kong Exchanges and Clearing Limited, Tencent Holdings Limited and China Innovationpay Group Limited.

As at 31 December 2014, approximately 68% (2013: 94%) of the Company's total investments were in a portfolio of Hong Kong listed securities, 1% (2013: 1%) in other assets and the remaining 31% (2013: 3%) in cash which was deposited with banks in Hong Kong.

Liquidity, Financial Resources and Funding

As at 31 December 2014, the net asset value of the Company amounted to HK\$53,028,561 (2013: HK\$35,223,425) with net asset value per share of HK\$0.55 (2013: HK\$0.43). The Company has no significant liabilities. The gearing ratio of the Company, calculated on the basis of the Company's total liabilities over total owners' funds, was 0.004 as at 31 December 2014 (2013: 0.007).

For the year under review, the Directors considered the opportunity for the Company to raise additional capital to enhance its capital base and broaden its shareholders' base by shares placement. Hence, on 4 December 2014, the Company issued 16,000,000 new shares of HK\$0.02 each at a price of HK\$1.1 per share under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 9 May 2014. The net proceeds was approximately HK\$17 million, which was intended to be used for working capital of the Company and future investments yet to be identified. As at 31 December 2014, approximately HK\$5.7 million had been used in acquiring Hong Kong listed securities.

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at 31 December 2014. The directors believe that the Company had minimal exposure to foreign exchange risk.

Chairman's Statement

Employees

During the year, the Company has 7 staff including directors and the total staff costs for the year amounted to HK\$459,000 (2013: HK\$349,920). The Company's remuneration policies are in line with the prevailing market practice.

Charges on the Company's Assets and Contingent Liabilities

As at 31 December 2014, there were no charges in the Company's assets and the Company did not have any significant contingent liabilities.

Prospects

The Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies.

Nevertheless, the Company will continue to identify and capture investment opportunities as and when they arise.

Appreciation

On behalf of the Board, I would like to thank all our shareholders for their continued trust and support, and the Investment Manager for their dedicated efforts.

CHAN Chak Paul

Chairman

Hong Kong, 20 March 2015

Biographical Details of Directors

Executive Directors

Mr. CHAN Chak Paul, aged 54, was appointed as an Executive Director on 19 November 2001 and as the Chairman of the Board on 30 December 2004. Mr. CHAN is responsible for general corporate management. He has extensive experience in trading industries and China investments.

Mr. NGAI Wah Sang, aged 56, was appointed as an Executive Director on 2 January 2003, as the Chief Executive Officer on 22 August 2005 and as Deputy Chairman of the Board on 13 September 2007. Mr. NGAI is a fellow member of both The Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants. Mr. NGAI has extensive experience in dealing with business development and investment in both Hong Kong and the People's Republic of China (the "PRC").

Mr. WANG Daming, aged 54, was appointed as an Executive Director on 17 May 2002. Mr. WANG holds a Bachelor's Degree in Economics from the PRC and has extensive experience in finance. He formerly worked for the Agricultural Bank of China and a number of China enterprises and Sino-Foreign Joint Venture companies of various industries including financial services and information technology. Mr. WANG was qualified as Assistant Economist of the PRC in 1987, and then as Economist and Senior Economist in 1990 and 1996 respectively.

Independent Non-executive Directors

Mr. CHAN Francis Ping Kuen, aged 56, was appointed as an Independent Non-executive Director on 7 February 2005. Mr. CHAN holds a Bachelor's Degree in Economics from Australia. He is an associate member of The Institute of Chartered Accountants in Australia and also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. CHAN has over 20 years of experience in auditing, accounting and financial management.

Mr. Tan Yee Boon, aged 40, was appointed as an Independent Non-executive Director on 1 June 2009. Mr. TAN holds a Bachelor of Laws degree from the University of Glamorgan, United Kingdom. He holds a Certificate of Legal Practice in Malaysia and was admitted as an advocate and solicitor of the High Court of Malaya. Mr. TAN possesses extensive experience in the field of commercial and corporate practice.

Mr. WANG Jia Hua, aged 52, was appointed as an Independent Non-executive Director on 6 November 2009. Mr. WANG has extensive experience in the securities industry in the PRC. Mr. WANG was involved in the restructuring and merger and acquisition activities of several listed companies in the PRC and has extensive practical experience in the securities investment, assets management and risk control management of the securities market.

Report of the Directors

The directors have pleasure in presenting their report and the audited financial statements of Earnest Investments Holdings Limited (the “Company”) for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The Company is an investment company engaged principally in investment and trading of listed and unlisted companies.

No segment information is presented as all of the turnover and revenue, contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong.

MAJOR CUSTOMERS AND SUPPLIERS

The Company’s turnover is derived from the Company’s investments in listed and unlisted equity securities and the disclosure of information regarding customers and suppliers would not be meaningful.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2014 and the state of the Company’s affairs as at that date are set out in the financial statements on pages 24 and 25 respectively.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2014 (2013: Nil).

RESERVES

The movements in the reserves of the Company during the year are set out in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity.

At 31 December 2014, the reserves available for distribution to shareholders pursuant to the Companies Act 1981 of Bermuda amounted to HK\$28,488,561 (2013: HK\$27,843,425).

Report of the Directors

FINANCIAL SUMMARY

The following tables summarise the results, assets and liabilities of the Company for each of the five years ended 31 December 2014:

Results

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	26,820,062	12,919,627	8,078,159	5,197,228	1,829,030
Profit/(loss) before tax	645,136	(6,409,799)	(7,444,169)	(5,588,858)	13,949,850
Income tax credit/(expense)	–	–	183,522	958,740	(1,142,262)
Profit/(loss) for the year attributable to owners of the Company	645,136	(6,409,799)	(7,260,647)	(4,630,118)	12,807,588

Assets and liabilities

	As at 31 December				
	2014	2013	2012	2011	2010
	HK\$	HK\$	HK\$	HK\$	HK\$
Total assets	53,244,098	35,475,604	41,848,024	49,264,893	54,876,251
Total liabilities	(215,537)	(252,179)	(214,800)	(371,022)	(1,352,262)
Total equity	53,028,561	35,223,425	41,633,224	48,893,871	53,523,989

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company are set out in notes 15 and 16 to the financial statements respectively.

Report of the Directors

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was approved by shareholders at the annual general meeting held on 26 May 2006 (the "Adoption Date"). The Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Scheme is valid and effective for a period of 10 years commencing on the Adoption Date and the purpose of the Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants. Pursuant to the Scheme the Board may at its discretion, subject always to any limits and restrictions specified in the Listing Rules, offer to grant an option to any participant; impose terms and conditions; and determine such number of shares to be subscribed for at the option price.

The minimum option price for any option granted under the Scheme shall not be less than the higher of (i) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any options to be granted under any other scheme must not in aggregate exceed 10% of the aggregate of the shares in issue as at the Adoption Date unless refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and all outstanding options granted and yet to be exercised under any other scheme should not exceed 30% of the shares in issue from time to time.

During the year, no option was granted, exercised, cancelled or lapsed under the Scheme and there was no outstanding option as at 31 December 2014.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors

Mr. CHAN Chak Paul (*Chairman*)
Mr. NGAI Wah Sang (*Deputy Chairman and Chief Executive Officer*)
Mr. WANG Daming

Independent Non-executive Directors

Mr. CHAN Francis Ping Kuen
Mr. TAN Yee Boon
Mr. WANG Jia Hua

In accordance with the Company's Bye-Laws, Mr. NGAI Wah Sang and Mr. WANG Daming will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Report of the Directors

Other Information

Change in Director's information under Rules 13.51B(1) of the Listing Rules:

Mr. WANG Daming, an Executive Director of the Company, was appointed as the Chairman of the board of directors of Ingenious Ene-Carbon New Materials Company Limited (a company listed on the Shenzhen Stock Exchange (Stock code: 511)) and appointed as a Non-Executive Director of Jiangsu Nandasoft Technology Company Limited (a company listed on the GEM of the Hong Kong Stock Exchange (Stock code: 8045)) during the year.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, no Director has been recorded as having interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Company.

DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 31 December 2014, no share option was granted to directors under the Scheme.

As at 31 December 2014, none of the directors of the Company or their associates had any interest and short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571, Laws of Hong Kong (the "SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

At no time during the year was the Company a party to any arrangements to enable the directors or chief executives of the Company or any of their associates to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, the register of substantial shareholders maintained under Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the shares and underlying shares of the Company:

Name of shareholder	Number of shares held	Percentage of total shares in issue as at 31 December 2014
Winsome Worldwide Limited (<i>note 1</i>)	22,275,000*	22.96%
SIU Kwan (<i>note 1</i>)	22,275,000#	22.96%
YAU Mei Han	13,781,250*	14.21%
Supreme Zone Investments Limited (<i>note 2</i>)	11,812,500*	12.18%
XIA Jun (<i>note 2</i>)	11,812,500#	12.18%

* Beneficial owner

Interest of controlled corporation

Notes:

- (1) The 22,275,000 shares were held by Winsome Worldwide Limited which was wholly owned by Ms. SIU Kwan. By virtue of the SFO, Ms. SIU Kwan was deemed to be interested in the 22,275,000 shares.
- (2) The 11,812,500 shares were held by Supreme Zone Investments Limited which was wholly owned by Mr. XIA Jun. By virtue of the SFO, Mr. XIA Jun was deemed to be interested in the 11,812,500 shares.

All the interests disclosed above represent long position in the ordinary shares of the Company.

Save as disclosed above, no other person had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Report of the Directors

MANAGEMENT CONTRACTS AND CONTINUING CONNECTED TRANSACTIONS

The Company had entered into an investment management agreement with Success Talent Investments Limited (“Success Talent”) on 30 July 2012 to renew the appointment of Success Talent as its investment manager pursuant to which Success Talent has agreed to provide investment management services to the Company for a period of three years from 26 July 2012 (the “Investment Management Agreement”).

Success Talent, being the investment manager of the Company, shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules.

Details of the investment management fee paid to Success Talent pursuant to the Investment Management Agreement for the year is set out in note 9 to the Financial Statements.

In the opinion of the independent non-executive directors, the payment of the investment management fee was:

- (i) in the ordinary and usual course of the Company’s business and was in accordance with the terms of the Investment Management Agreement;
- (ii) on normal commercial terms and on an arm’s length basis; and
- (iii) fair and reasonable so far as the shareholders and the Company are concerned.

The auditor of the Company have confirmed in a letter to the Board that nothing has come to their attention that caused them to believe that the continuing connected transactions for the year ended 31 December 2014 (i) had not been approved by the Board of the Company; (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) had exceeded the cap amount of HK\$360,000 disclosed.

Apart from the aforesaid, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, the Company neither purchased, sold nor redeemed any of its own listed securities.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions of pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders under the Company's Bye-Laws and there is no restriction against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Board, as at the date of this annual report, there is sufficient public float, as not less than 25% of the Company's issued shares are held by the public.

AUDITOR

A resolution to re-appoint the retiring auditor, Messrs. RSM Nelson Wheeler, will be put at the forthcoming annual general meeting.

On behalf of the Board

CHAN Chak Paul
Chairman

Hong Kong, 20 March 2015

Corporate Governance Report

The Board of Directors (the “Board”) has always valued transparency and accountability as the keys for achieving a high standard of corporate governance, and is committed to comply with all the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014.

THE BOARD

The Board comprises three Executive Directors and three Independent Non-executive Directors (“INEDs”). The brief biographical details of the Directors are set out in the “Biographical Details of Directors” section on page 5. More than one-third of the Directors is INEDs and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise.

The Board is responsible for the Company’s affairs including but not limited to leadership, control and overall strategic development of the Company, as well as to oversee the Company’s internal control systems and financial performance of the Company.

The Directors have been informed of the Company’s investment objectives and investment making procedures. The Board makes investment decision, taking into account the advice of the Company’s Investment Manager, which is in line with the Company’s investment objectives.

The Investment Manager’s advice and reports as well as monthly management accounts and updates have been circulated to all Directors, and Directors will follow up any issues that come to their attention immediately. All Directors have access to board papers and related materials which are provided on a timely manner.

The Company has received, from each of the INEDs an annual confirmation of independence, and the Company considers that all of the INEDs are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules.

The Company has acquired appropriate insurance cover for all Directors.

Regular Board meetings are scheduled to be held at approximately quarterly intervals. During the year, the number of Board meetings and the attendance by each Director during the year are set out below:

Name of Directors	Number of attendance/ meetings held
Executive Directors	
Mr. CHAN Chak Paul (<i>Chairman</i>)	26/26
Mr. NGAI Wah Sang (<i>Deputy Chairman and Chief Executive Officer</i>)	26/26
Mr. WANG Daming	9/26
Independent Non-executive Directors	
Mr. CHAN Francis Ping Kuen	8/26
Mr. TAN Yee Boon	8/26
Mr. WANG Jia Hua	8/26

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company. The Company encourages the Directors to participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contributions to the Board remain informed and relevant. During the year, all Directors have attended a Directors’ Training Workshop on connected transactions conducted by a lawyer. The record of attendance of the workshop was kept by the Company.

Corporate Governance Report

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the Chairman and the Chief Executive Officer of the Company are currently held by Mr. CHAN Chak Paul and Mr. NGAI Wah Sang respectively.

Mr. CHAN Chak Paul, the Chairman of the Company, is primarily responsible for the leadership of the Board, ensuring that all significant policy issues are discussed by the Board in a timely and constructive manner and the Directors receive accurate, timely and clear information.

Mr. NGAI Wah Sang, the Chief Executive Officer and Deputy Chairman of the Company, is responsible for the day-to-day management of the Company's business.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board selects and appoints the candidates for directorships of the Company based on their appropriate experiences, personal skills and time commitments.

All INEDs of the Company were appointed for a specific term, but subject to the relevant provisions of the Bye-Laws of the Company, or any other applicable laws whereby the Directors shall vacate or retire from their office. The term of appointment of the INEDs is one year commencing from the date of appointment.

In accordance with the Bye-Laws of the Company, one-third of the Directors shall retire from office by rotation at every annual general meeting of the Company ("AGM"). Consequently, every Director shall be subject to retirement by rotation at least once every three years.

NOMINATION COMMITTEE

The composition of the Nomination Committee and the attendance of its members during the year ended 31 December 2014 are set out below:

Name of Directors	Number of attendance/ meeting held
Mr. CHAN Chak Paul (<i>Chairman</i>)	4/4
Mr. TAN Yee Boon	3/4
Mr. CHAN Francis Ping Kuen	3/4

Corporate Governance Report

The terms of reference are available on both the Company's and Stock Exchange's websites. The major roles and functions of the Nomination Committee are:

- to formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy;
- to review the structure, size and diversity (including but not without limitation, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) of the Board at least annually and make recommendations;
- to identify individuals who are suitably qualified candidates and to receive nominations from shareholders or directors, and make recommendations on the selection of individuals nominated for directorship;
- to assess the independence of independent non-executive directors in accordance with the Listing Rules and the Code;
- to make recommendations to the Board on the appointment or re-appointment of directors, as well as succession planning for directors.

The Nomination Committee has the right to access to independent professional advice if considered necessary.

The Nomination Committee meets at least once a year and will meet as and when necessary or as requested by a Committee member.

The following is a summary of the work of the Nomination Committee during the year ended 31 December, 2014:

- reviewed the structure, size and diversity (including but not without limitation, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) of the Board;
- reviewed the retirement of directors by rotation and the re-appointment of the retiring directors at the 2014 AGM;
- reviewed the reappointment of directors during the year; and
- assessed the independence of the Independent Non-executive Directors.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee plays an advisory role to the Board. The final authority to approve any remuneration package is retained by the Board. The terms of reference of the Remuneration Committee are available on the Company's and the Stock Exchange websites.

The Remuneration Committee meets at least once a year and will meet as and when necessary or when requested by a Committee member.

The composition of the Remuneration Committee and the attendance of its members during the year ended 31 December 2014 are set out below:

Name of Directors	Number of attendance/ meeting held
Mr. TAN Yee Boon (<i>Chairman</i>)	1/1
Mr. CHAN Francis Ping Kuen	1/1
Mr. WANG Jia Hua	1/1

The major roles and functions of the Remuneration Committee are:

- to formulate remuneration policy regarding directors and senior management by taking into consideration of individual performance, responsibility and the prevailing market practice;
- to make recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and senior management;
- to review and recommend the remuneration packages of all Executive Directors and senior management for approval by the Board; and
- to review and approve compensation payable to the Directors in connection with loss of their office or compensation arrangement relating to dismissal or removal of Directors.

The Remuneration Committee has the right to access to independent professional advice relating to remuneration proposals if considered necessary. Details of the remuneration of the Directors are disclosed on an individual basis and set out in note 7 to the financial statements.

The following is a summary of the work of the Remuneration Committee during the year ended 31 December 2014:

- reviewed the Company's policy and structure for the remuneration of directors and senior management;
- reviewed and recommended to the Board the remuneration packages of directors and senior management; and
- ensured that no director or any of his associates is involved in deciding his own remuneration.

Corporate Governance Report

AUDIT COMMITTEE

The terms of reference of the Audit Committee are available on the Company's and the Stock Exchange's websites.

The Audit Committee meets as and when necessary or as requested by an Audit Committee member or the external auditor. The Audit Committee meets (with the presence of the external auditor) at least twice a year.

The composition of the Audit Committee and attendance of its members during the year ended 31 December 2014 are set out below:

Name of Directors	Number of attendance/ meetings held
Mr. CHAN Francis Ping Kuen (<i>Chairman</i>)	4/4
Mr. TAN Yee Boon	4/4
Mr. WANG Jia Hua	4/4

The major roles and functions of the Audit Committee are:

- to review the Company's interim and annual financial statements before submission to the Board for review and approval;
- to discuss with the external auditor on matters arising from the audit of the Company's financial statements;
- to review the Company's financial controls, internal control, and risk management systems;
- to review the Company's financial and accounting policies and practice; and
- to perform the corporate governance functions.

The Audit Committee has been provided with sufficient resources to discharge its duties and has access to independent professional advice if considered necessary.

The following is a summary of the work of the Audit Committee during the year ended 31 December 2014:

- reviewed the audited financial statements of the Company for the year ended 31 December 2013 and the related results announcement;
- reviewed the interim accounts of the Company for the 6 months ended 30 June 2014 and the related results announcement;
- reviewed the Company's financial controls, internal control and risk management systems;
- reviewed the remuneration and terms of engagement of the Company's external auditor;
- reviewed the policies and practices on the Company's corporate governance and the training and continuous professional development of directors; and
- reviewed the Company's continuing connected transaction.

Corporate Governance Report

AUDITOR'S RESPONSIBILITIES AND REMUNERATION

The statement of the Company's external auditor Messrs. RSM Nelson Wheeler regarding their report responsibilities is set out in the Independent Auditors Report on page 22 to 23 of this annual report. For the year ended 31 December 2014, the remuneration payable to Messrs. RSM Nelson Wheeler is HK\$182,000 for audit service, HK\$40,000 for review of interim report and continuing connected transactions and HK\$18,000 for tax compliance service.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its Code of Conduct regarding securities transactions by the Directors.

The Company has made specific enquiry of all the Directors and all the Directors have confirmed in writing that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall responsibility to review the effectiveness of the Company's internal control and risk management systems. During the year, the Board, through the Audit Committee, had reviewed and ensured that the Company's internal control process had been properly carried out when making investment or divestment decisions after taking into consideration the advice of the Investment Manager. Documents and records are properly maintained and the investment or divestment decisions are made in compliance with relevant laws and regulations.

The Board has also developed objective and policies for management of risk areas facing the Company, details of which are set out in note 4 to the financial statements.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

The Directors acknowledge their responsibility for preparation of the Company's financial statements and ensure that the Company's financial statements for the year ended 31 December 2014 are prepared in accordance with statutory requirements and applicable accounting standards, as well as their responsibility for performing the corporate governance function.

COMPANY SECRETARY

The Board selected and engaged an external service provider of whom the professional qualification is acceptable to the Stock Exchange as its Company Secretary. The Company Secretary reports to the Chief Executive Officer and advises the Board regarding corporate governance matters. All directors have access to the advice and services of the Company Secretary as and when required.

For the year under review, the Company Secretary has confirmed that she has taken no less than 15 hours of relevant professional training.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board considers that annual general meeting of the Company is key opportunities for Shareholders to exchange views with the Board. The Chairman of the Board, the Executive Directors, the Chairman and/or other members of the Audit Committee, Nomination Committee and Remuneration Committee, as well as the external auditor had attended the 2014 Annual General Meeting (the “AGM”) of the Company to answer questions raised. Due to other business engagements, Mr. CHAN Chak Paul, the Chairman, Mr. TAN Yee Boon and Mr. WANG Jia Hua, the Independent Non-executive Directors could not attend the 2014 AGM;

Explanation of detailed procedures of voting by poll has been given at the commencement of the 2014 AGM. For each substantially separate issue at the 2014 AGM, a separate resolution was proposed by the chairman of the meeting. The poll results of the 2014 AGM had been published in accordance with the requirement of the Listing Rules.

The attendance of the 2014 AGM is set out below:

Name of Directors	Number of attendance/ annual general meeting held
Mr. CHAN Chak Paul	0/1
Mr. NGAI Wah Sang	1/1
Mr. WANG Daming	1/1
Mr. CHAN Francis Ping Kuen	1/1
Mr. TAN Yee Boon	0/1
Mr. WANG Jia Hua	0/1

In addition to annual general meeting, the Company has established a number of channels to communicate with shareholders:

- Annual reports, interim reports and circulars are sent to shareholders in print form, and are available on both the Company’s and Stock Exchange’s websites;
- An updated version of the Company’s constitutional documents such as the Memorandum of Continuance and New Bye-laws is made available on the Company’s website;
- The Company’s monthly net asset value announcements are posted on the Company’s and the Stock Exchange’s websites;

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to Convene Special General Meetings (SGM)

Pursuant to the Bye-laws of the Company, a SGM can be convened on the requisition by shareholders pursuant to the Companies Act. Moreover, Section 74 of the Companies Act provides that shareholders who, as at the date of deposit of the requisition, hold not less than one-tenth of the paid-up capital of the Company and carry the right of voting at general meetings of the company, can request the directors to convene a SGM.

The requisitionists must state the purpose of the meeting and the requisition must be signed by the requisitionists and deposited at the registered office or Principal Office of the Company. The directors must convene a SGM within twenty-one days from the date of deposit of the requisition. The requisitionists, or any of them representing more than one half of the total voting rights may convene a SGM if the directors fail to convene one within the twenty-one days period.

Shareholders' Enquiries

Shareholders should direct questions concerning their shareholdings to the Company's share registrar/branch share registrar. They can also make enquiries to the Company Secretary of the Company for information concerning the Company which are available to them pursuant to the Companies Act and the Company's Bye-laws. Moreover, they can make written enquires to the Board, by stating the nature and reasons in writing.

Procedure for Making Proposals at General Meetings

Shareholders may put forward written proposals for consideration at a general meeting by submitting their proposals to the Board at the Principal Office of the Company at least 60 days before the relevant general meeting. The proposal should be in the form of a proposed resolution and should comply with the following criteria:

- i. be clearly stated and in accordance with the Company's Bye-laws, the Companies Act, applicable laws, regulations and the Listing Rules;
- ii. be relevant to the Company's business, and comply with all relevant requirements of a general meeting;
- iii. in the event that the proposed business includes a proposal to amend the Company's Bye-laws, the proposed resolution should be in complete text and supported by, including but not limited to the following:
 - The class and total number of shares beneficially owned by the individual shareholder of the Company making the proposal;
 - The reasons for the proposed resolution, and any interest in or anticipated benefit to the proposing shareholder;
 - The benefits or disadvantage, if any, that the proposer suggests.

Corporate Governance Report

Procedure for Proposing a Person for Election as a Director

The procedure for proposing a person for election as a director are made available on the Company's website.

Constitutional Documents

An updated version of the Memorandum of Continuance and New Bye-laws of the Company is available on the Company's and the Stock Exchange's websites.

On behalf of the Board

CHAN Chak Paul

Chairman

Hong Kong, 20 March 2015

Independent Auditor's Report



TO THE SHAREHOLDERS OF EARNEST INVESTMENTS HOLDINGS LIMITED

(Continued into Bermuda with limited liability)

We have audited the financial statements of Earnest Investments Holdings Limited (the “Company”) set out on pages 24 to 46, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Independent Auditor's Report

OPINION

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

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong, 20 March 2015

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Note	2014 HK\$	2013 HK\$
Revenue	6	2,902	2,187
Loss on disposal of available-for-sale financial assets		(50,000)	–
Gains on disposals of financial assets at fair value through profit or loss		873,680	120,140
Net change in fair value gains/(losses) on financial assets at fair value through profit or loss		3,021,120	(3,769,700)
Administrative and other operating expenses		(3,202,566)	(2,762,426)
Profit/(loss) before tax		645,136	(6,409,799)
Income tax	8	–	–
Profit/(loss) for the year attributable to owners of the Company	9	645,136	(6,409,799)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year attributable to owners of the Company		645,136	(6,409,799)
Earnings/(loss) per share			
Basic	11	0.008	(0.079)

Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$	2013 HK\$
Non-current assets			
Available-for-sale financial assets	12	–	650,000
Current assets			
Financial assets at fair value through profit or loss	13	36,116,390	33,122,350
Prepayments, deposits and other receivables		362,840	332,310
Bank and cash balances		16,764,868	1,370,944
		53,244,098	34,825,604
Current liabilities			
Accruals and other payables		215,537	252,179
Net current assets		53,028,561	34,573,425
Total assets less current liabilities		53,028,561	35,223,425
NET ASSETS		53,028,561	35,223,425
Capital and reserves attributable to owners of the Company			
Share capital	15	1,940,000	1,620,000
Reserves	17	51,088,561	33,603,425
TOTAL EQUITY		53,028,561	35,223,425
Net asset value per share	19	0.55	0.43

Approved by the Board of Directors on 20 March 2015.

CHAN Chak Paul
Executive director

WANG Daming
Executive director

Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital HK\$ (note 15)	Share premium account HK\$ (note 17)	Contributed surplus account HK\$ (note 17)	Retained profits/ (Accumulated losses) HK\$	Total equity HK\$
At 1 January 2013	1,620,000	5,760,000	28,040,011	6,213,213	41,633,224
Total comprehensive income and changes in equity for the year	–	–	–	(6,409,799)	(6,409,799)
At 31 December 2013 and 1 January 2014	1,620,000	5,760,000	28,040,011	(196,586)	35,223,425
Issue of shares (note 15(a))	320,000	16,840,000	–	–	17,160,000
Total comprehensive income for the year	–	–	–	645,136	645,136
Changes in equity for the year	320,000	16,840,000	–	645,136	17,805,136
At 31 December 2014	1,940,000	22,600,000	28,040,011	448,550	53,028,561

Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK\$	2013 HK\$
Cash flows from operating activities		
Profit/(loss) before tax	645,136	(6,409,799)
Adjustments for:		
Loss on disposal of available-for-sale financial assets	50,000	–
Gains on disposals of financial assets at fair value through profit or loss	(873,680)	(120,140)
Net change in fair value (gains)/losses on financial assets at fair value through profit or loss	(3,021,120)	3,769,700
Operating loss before working capital changes	(3,199,664)	(2,760,239)
Increase in prepayments, deposits and other receivables	(30,530)	(125,490)
(Decrease)/increase in accruals and other payables	(36,642)	37,379
Proceeds from disposal of available-for-sale financial assets	600,000	–
Proceeds from disposals of financial assets at fair value through profit or loss	26,217,160	12,917,440
Purchase of financial assets at fair value through profit or loss	(25,316,400)	(14,109,800)
Net cash used in operating activities	(1,766,076)	(4,040,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and net cash generated from financing activities	17,160,000	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,393,924	(4,040,710)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,370,944	5,411,654
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Representing bank and cash balances	16,764,868	1,370,944

Notes to the Financial Statements

For the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company was continued into Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Room A, 5/F., Xiu Hua Commerical Building, No. 211-213 Jaffe Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment and trading of listed and unlisted companies.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

In the current year, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; and Interpretations.

(a) Application of new and revised HKFRSs

The following standard has been adopted by the Company for the first time for the financial year beginning 1 January 2014:

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised HKFRSs in issue but not yet effective

The Company has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Company's financial statements when they become effective. The Company has assessed, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue that are not yet effective and relevant to the Company's operation

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴

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

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (Continued)

(c) New Hong Kong Companies Ordinance

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Company is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with all applicable HKFRSs and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain investments that are measured at fair value). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Hong Kong dollars, which is the Company’s functional and presentation currency.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Foreign currency translation (Continued)

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(b) Operating leases

Leases that do not substantially transfer to the Company all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(c) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Company transfers substantially all the risks and rewards of ownership of the assets; or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss, for which transaction costs are expensed immediately.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

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

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

The Company's investments in equity investments, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any impairment losses.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets, other than those that are measured at fair value through profit or loss, is impaired. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

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

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents.

(g) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(h) Other payables

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

(i) Equity instruments

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

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

- (i) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognised when the shareholders' rights to receive payment are established; and
- (ii) Interest income is recognised on a time-proportion basis using the effective interest method.

(k) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits and when the Company recognises restructuring costs and involves the payment of termination benefits.

(l) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Taxation (Continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(m) Provisions and contingent liabilities

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

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

(n) Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the end of the reporting period are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

Notes to the Financial Statements

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: price risk, credit risk, liquidity risk and interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Price risk

The Company's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Company is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

At 31 December 2014, if the quoted market price of the Company's listed securities increased/decreased by 10%, profit after tax for the year would have been HK\$3,611,639 higher/lower (2013: loss after tax for the year would have been HK\$3,312,235 lower/higher), arising as a result of the change in fair value gains/losses on financial assets at fair value through profit or loss.

As at the date of approval of these financial statements, the gains on disposal of financial assets at fair value through profit or loss and the losses from change in fair value on financial assets at fair value through profit or loss held as at 31 December 2014 amounted to HK\$55,934 and HK\$7,345,830 respectively.

(b) Credit risk

The carrying amount of the bank and cash balances and other receivables included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to the Company's financial assets.

The Company has no significant concentrations of credit risk.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Company's financial liabilities are repayable on demand or within one year.

(d) Interest rate risk

The Company's exposure to interest rate risk arises from its bank deposits. These deposits bear interest at variable rates varied with the then prevailing market condition. The changes in interest rates are not significant to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments at 31 December:

	2014 HK\$	2013 HK\$
Financial assets:		
Financial assets at fair value through profit or loss:		
Held for trading	36,116,390	33,122,350
Loans and receivables (including cash and cash equivalents)	16,835,187	1,449,657
Available-for-sale financial assets	–	650,000
Financial liabilities:		
Financial liabilities at amortised cost	215,537	252,179

(f) Fair values

Except as disclosed in note 12 to the financial statements, the carrying amounts of the Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

5. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Company's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value measurements of the Company's financial assets at fair value through profit and loss are using the Level 1 of the fair value hierarchy.

Notes to the Financial Statements

For the year ended 31 December 2014

6. REVENUE AND TURNOVER

	2014 HK\$	2013 HK\$
Dividend income from listed investments	2,379	1,398
Bank interest income	523	789
Revenue	2,902	2,187
Proceeds from disposal of available-for-sale financial assets	600,000	–
Proceeds from disposals of financial assets at fair value through profit or loss	26,217,160	12,917,440
Turnover	26,820,062	12,919,627

No segment information is presented as all of the turnover and revenue, contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director for the years ended 31 December 2014 and 2013 were as follows:

	Fees HK\$	Retirement benefit scheme contributions HK\$	Total HK\$
Executive directors			
Mr. CHAN Chak Paul	57,600	2,940	60,540
Mr. NGAI Wah Sang	57,600	2,940	60,540
Mr. WANG Daming	57,600	–	57,600
Independent non-executive directors			
Mr. CHAN Francis Ping Kuen	57,600	–	57,600
Mr. TAN Yee Boon	57,600	–	57,600
Mr. WANG Jia Hua	57,600	–	57,600
Total for 2014	345,600	5,880	351,480

Notes to the Financial Statements

For the year ended 31 December 2014

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	Fees HK\$	Retirement benefit scheme contributions HK\$	Total HK\$
Executive directors			
Mr. CHAN Chak Paul	57,600	2,160	59,760
Mr. NGAI Wah Sang	57,600	2,160	59,760
Mr. WANG Daming	57,600	–	57,600
Independent non-executive directors			
Mr. CHAN Francis Ping Kuen	57,600	–	57,600
Mr. TAN Yee Boon	57,600	–	57,600
Mr. WANG Jia Hua	57,600	–	57,600
Total for 2013	345,600	4,320	349,920

During the years ended 31 December 2014 and 2013, there were no arrangements under which a director waived or agreed to waive any emoluments.

The five highest paid individuals in the Company during the year included four (2013: five) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one (2013: Nil) individual are set out below:

	2014 HK\$	2013 HK\$
Basic salaries, bonus and allowances	102,400	–
Retirement benefit scheme contributions	5,120	–
	107,520	–

The emoluments fell within the following band:

	Number of individuals	
	2014	2013
Nil to HK\$1,000,000	1	–

During the year, no emoluments were paid by the Company to any of the directors or the highest paid individual as an inducement to join or upon joining the Company or as compensation for loss of office.

For the year ended 31 December 2013, the Company did not employ any employees other than the directors of the Company.

Notes to the Financial Statements

For the year ended 31 December 2014

8. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the financial statements since the Company has no assessable profit for the year (2013: Nil).

The reconciliation between the income tax and the product of profit/(loss) before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2014 HK\$	2013 HK\$
Profit/(loss) before tax	645,136	(6,409,799)
Tax at 16.5% (2013: 16.5%)	106,447	(1,057,617)
Tax effect of income that is not taxable	(478)	(361)
Tax effect of expenses that are not deductible	25,575	–
Tax effect of temporary differences not recognised	(131,544)	–
Tax effect of tax losses not recognised	–	436,356
Tax losses previously recognised and reversed	–	621,622
Income tax	–	–

9. PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Company's profit/(loss) for the year attributable to owners of the Company is stated after charging the following:

	2014 HK\$	2013 HK\$
Auditor's remuneration	182,000	180,000
Investment management fee (<i>Note below</i>)	360,000	360,000
Operating lease charges – Land and buildings	161,000	156,000
Staff costs including directors' emoluments		
Salaries, bonus and allowances	448,000	345,600
Retirement benefits scheme contributions	11,000	4,320
	459,000	349,920

Note:

During the year, the Company paid management fee of HK\$360,000 (2013: HK\$360,000) pursuant to an investment management agreement entered between the Company and Success Talent Investments Limited as investment manager for a term of three years from 26 July 2012 with a management fee of HK\$30,000 per month payable monthly in arrears. The investment manager is deemed as a connected person of the Company under Rule 21.13 of the Listing Rules.

Notes to the Financial Statements

For the year ended 31 December 2014

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2014 (2013: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$645,136 (2013: loss of HK\$6,409,799) and the weighted average number of ordinary shares of 82,227,397 (2013: 81,000,000) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2014 and 2013.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 HK\$	2013 HK\$
Unlisted securities, at cost		
Equity securities – Hong Kong	–	4,000,000
Less: Accumulated impairment	–	(3,350,000)
	–	650,000

As at 31 December 2013, the unlisted securities were stated at cost as they did not have a quoted market price in an active market and their fair values could not be reliably measured.

As at 31 December 2013, the Company's investment in Health Dynamic Limited ("Health Dynamic") with 20% attributable equity interests held was classified as available-for-sale financial assets. This company was not treated as an associate because the Company was not in a position to exercise any significant influence over the financial and operating policies of this company or to participate in its operations.

During the year, the Company disposed of its equity interest in Health Dynamic at a cash consideration of HK\$600,000 and realised a loss on disposal of available-for-sale financial assets of HK\$50,000.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK\$	2013 HK\$
Equity securities listed in Hong Kong, at cost	30,713,304	29,991,691
Net fair value gains	5,403,086	3,130,659
Fair value as at 31 December	36,116,390	33,122,350

The fair values of the listed securities are based on quoted market prices.

Notes to the Financial Statements

For the year ended 31 December 2014

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Particulars of the Company's financial assets at fair value through profit or loss as at 31 December 2014 are as follows:

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost	Market value	Fair value	Dividend	Dividend	Net assets
				HK\$	HK\$	gains/(losses) HK\$	income received during the year HK\$	cover	attributable to the Company HK\$
(a) APAC Resources Limited ("APAC Resources")	Bermuda	220,000	Less than 1%	363,400	27,500	(335,900)	–	N/A	68,036
(b) China Dynamics (Holdings) Limited ("China Dynamics") (formerly known as Sinocop Resources (Holdings) Limited)	Bermuda	48,095,000	1.35%	5,513,451	32,704,600	27,191,149	–	N/A	47,352,747
(c) New Times Energy Corporation Limited ("New Times Energy")	Bermuda	650,000	Less than 1%	20,150,000	146,900	(20,003,100)	–	N/A	1,811,512
(d) Shougang Concord International Enterprises Company Limited ("Shougang International")	Hong Kong	24,000	Less than 1%	15,120	8,520	(6,600)	–	N/A	15,508
(e) Shougang Concord Century Holdings Limited ("Shougang Century")	Hong Kong	3,298,000	Less than 1%	2,376,033	1,038,870	(1,337,163)	–	N/A	3,558,664
(f) Hong Kong Exchanges and Clearing Limited ("HKEX")	Hong Kong	10,000	Less than 1%	1,766,000	1,717,000	(49,000)	–	N/A	182,106
(g) Tencent Holdings Limited ("Tencent")	Cayman Islands	2,000	Less than 1%	224,300	225,000	700	–	N/A	21,311
(h) China Innovationpay Group Limited ("Innovationpay")	Bermuda	400,000	Less than 1%	305,000	248,000	(57,000)	–	N/A	69,131
				<u>30,713,304</u>	<u>36,116,390</u>	<u>5,403,086</u>	<u>–</u>		

Notes to the Financial Statements

For the year ended 31 December 2014

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

A brief description of the business and financial information of the listed investee companies, based on their published annual and interim reports, is as follows:

- (a) APAC Resources is principally engaged in trading in commodities; and trading and investment of listed securities. The audited consolidated profit attributable to owners of APAC Resources for the year ended 30 June 2014 was approximately HK\$907,260,000 (2013: loss of HK\$2,079,687,000). As at 30 June 2014, the audited consolidated net asset value attributable to owners of APAC Resources was approximately HK\$3,129,201,000 (2013: HK\$2,258,633,000). The unaudited consolidated loss attributable to owners of APAC Resources for the six months ended 31 December 2014 was approximately HK\$897,234,000 (2013: profit of HK\$1,316,017,000). As at 31 December 2014, the unaudited consolidated net asset value attributable to owners of APAC Resources was approximately HK\$1,895,049,000 (2013: HK\$3,548,964,000).
- (b) China Dynamics is principally engaged in (i) investment holding; (ii) trading of metals and minerals; (iii) processing of raw ores and mineral resources; and (iv) development of new energy business. The audited consolidated loss attributable to owners of China Dynamics for the year ended 31 March 2014 was approximately HK\$35,986,000 (2013: HK\$23,209,000). As at 31 March 2014, the audited consolidated net asset value attributable to owners of China Dynamics was approximately HK\$3,107,783,000 (2013: HK\$135,570,000). The unaudited consolidated loss attributable to owners of China Dynamics for the six months ended 30 September 2014 was approximately HK\$45,306,000 (2013: HK\$12,728,000). As at 30 September 2014, the unaudited consolidated net asset value attributable to owners of China Dynamics was approximately HK\$3,511,701,000 (2013: HK\$114,341,000).
- (c) New Times Energy is principally engaged in (i) trading of oil products; (ii) oil exploration and productions; (iii) distribution of nature gas; and (iv) exploration of natural resources. The audited consolidated profit attributable to owners of New Times Energy for year ended 31 December 2013 was approximately HK\$3,771,000 (2012: loss of HK\$39,917,000). As at 31 December 2013, the audited consolidated net asset value attributable to owners of New Times Energy was approximately HK\$3,985,746,000 (2012: HK\$3,839,347,000). The unaudited consolidated loss attributable to owners of New Times Energy for the six months ended 30 June 2014 was approximately HK\$46,140,000 (2013: profit of HK\$39,072,000). As at 30 June 2014, the unaudited consolidated net asset value attributable to owners of New Times Energy was approximately HK\$3,859,980,000 (2013: HK\$3,891,566,000).
- (d) Shougang International is principally engaged in (i) manufacture and sale of steel products; (ii) leasing of floating cranes; (iii) trading of steel products, iron ore, coal and coke; (iv) mining, processing and sale of iron ore; and (v) management services business. The audited consolidated loss attributable to owners of Shougang International for the year ended 31 December 2013 was approximately HK\$1,395,502,000 (2012: HK\$1,947,206,000). As at 31 December 2013, the audited consolidated net asset value attributable to owners of Shougang International was approximately HK\$6,801,786,000 (2012: HK\$8,093,220,000). The unaudited consolidated loss attributable to owners of Shougang International for the six months ended 30 June 2014 was approximately HK\$865,750,000 (2013: HK\$728,478,000). As at 30 June 2014, the unaudited consolidated net asset value attributable to owners of Shougang International was approximately HK\$5,788,454,000 (2013: HK\$7,174,925,000).

Notes to the Financial Statements

For the year ended 31 December 2014

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

- (e) Shougang Century is principally engaged in (i) manufacturing of steel cords; and (ii) processing and trading of copper and brass products. The audited consolidated loss attributable to owners of Shougang Century for the year ended 31 December 2013 was approximately HK\$16,590,000 (2012: HK\$299,686,000). As at 31 December 2013, the audited consolidated net asset value attributable to owners of Shougang Century was approximately HK\$2,125,254,000 (2012: HK\$2,064,550,000). The unaudited consolidated loss attributable to owners of Shougang Century for the six months ended 30 June 2014 was approximately HK\$38,397,000 (2013: HK\$30,005,000). As at 30 June 2014, the unaudited consolidated net asset value attributable to owners of Shougang Century was approximately HK\$2,074,881,000 (2013: HK\$2,079,494,000).
- (f) HKEX owns and operates (i) the only stock exchange and a futures exchange in Hong Kong and their related clearing houses; and (ii) an exchange for trading of base metals forward and options contracts operating in the United Kingdom. The audited consolidated profit attributable to owners of HKEX for the year ended 31 December 2014 was approximately HK\$5,165,000,000 (2013: HK\$4,552,000,000). As at 31 December 2014, the audited consolidated net asset value attributable to owners of HKEX was approximately HK\$21,273,000,000 (2013: HK\$20,405,000,000).
- (g) Tencent is principally engaged in (i) provision of Internet value-added services; (ii) mobile and telecommunications value-added services; and (iii) online advertising services and e-Commerce transactions services to users in the PRC. The audited consolidated profit attributable to owners of Tencent for the year ended 31 December 2014 was approximately HK\$29,976,790,000 (2013: HK\$19,582,000,000). As at 31 December 2014, the audited consolidated net asset value attributable to owners of Tencent was approximately HK\$99,848,222,700 (2013: HK\$74,169,600,000).
- (h) Innovationpay is principally engaged in (i) trading of electronic products, network hardware, financial equipment and communication products; (ii) operations of prepaid card business; and (iii) development and operation of tourism VIP card products, online booking services of air tickets and hotels. The audited consolidated loss attributable to owners of Innovationpay for year ended 31 December 2013 was approximately HK\$279,352,000 (2012: profit of HK\$91,362,000). As at 31 December 2013, the audited consolidated net asset value attributable to owners of Innovationpay was approximately HK\$823,278,000 (2012: HK\$1,061,662,000). The unaudited consolidated loss attributable to owners of Innovationpay for the six months ended 30 June 2014 was approximately HK\$19,584,000 (2013: profit of HK\$6,761,000). As at 30 June 2014, the unaudited consolidated net asset value attributable to owners of Innovationpay was approximately HK\$968,780,000 (2013: HK\$1,059,665,000).

Notes to the Financial Statements

For the year ended 31 December 2014

14. DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Company:

	Net unrealised holding gains from financial assets at fair value through profit or loss HK\$	Tax losses HK\$	Total HK\$
At 1 January 2013	(1,595,245)	1,595,245	–
Credit/(charge) to profit or loss	621,622	(621,622)	–
At 31 December 2013 and 1 January 2014	(973,623)	973,623	–
(Charge)/credit to profit or loss	(361,050)	361,050	–
At 31 December 2014	(1,334,673)	1,334,673	–

At the end of the reporting period the Company has unused tax losses of HK\$20,030,117 (2013: HK\$18,639,171) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$8,088,930 (2013: HK\$5,900,750) of such losses and off-set by the deferred tax liabilities within the same tax jurisdiction. No deferred tax asset has been recognised in respect of the remaining HK\$12,046,187 (2013: HK\$12,738,421) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

15. SHARE CAPITAL

	Note	Number of shares	Amount HK\$
Authorised:			
Ordinary shares of HK\$0.02 each			
At 1 January 2013, 31 December 2013 and 31 December 2014		1,000,000,000	20,000,000
Issued and fully paid:			
Ordinary shares of HK\$0.02 each			
At 1 January 2013 and 31 December 2013		81,000,000	1,620,000
Issue of shares on placement	(a)	16,000,000	320,000
At 31 December 2014		97,000,000	1,940,000

Notes to the Financial Statements

For the year ended 31 December 2014

15. SHARE CAPITAL (Continued)

Note:

- (a) On 21 November 2014, the Company and CNI Securities Group Limited entered into a placing agreement in respect of the placement of 16,000,000 ordinary shares of HK\$0.02 each to independent investors at a price of HK\$1.1 per share. The placement was completed on 4 December 2014 and the premium on the issue of shares, amounting to HK\$16,840,000 which is net of share issue expenses of HK\$440,000, was credited to the Company's share premium account.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Company receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

16. SHARE OPTIONS

During the year ended 31 December 2014, no option was granted, exercised, cancelled or lapsed under the share option scheme of the Company. There were no outstanding share options as at 31 December 2014 (2013: Nil).

17. RESERVES

The amounts of the Company's reserves and the movements therein are presented in the statement of profit or loss and other comprehensive income and statement of changes in equity.

Nature and purpose of reserves

(a) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(b) Contributed surplus account

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Notes to the Financial Statements

For the year ended 31 December 2014

18. LEASE COMMITMENTS

At 31 December 2014 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 HK\$	2013 HK\$
Within one year	154,000	78,000
In the second to fifth years inclusive	98,000	–
	252,000	78,000

Operating lease payments represent rentals payable by the Company for its office. Rentals are fixed over the lease terms and do not include contingent rentals.

19. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Company as at 31 December 2014 of HK\$53,028,561 (2013: HK\$35,223,425) and the number of ordinary shares of 97,000,000 (2013: 81,000,000) in issue as at that date.

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 20 March 2015.