Enerchina Holdings Limited
威華達控股有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 622)

Annual Report

2014

* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chen Wei *(Chairman)*
Sam Nickolas David Hing Cheong
(Chief Executive Officer)
Tang Yui Man Francis
Xiang Ya Bo

Independent Non-executive Directors

Lam Ping Cheung
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Tang Yui Man Francis
Xiang Ya Bo

AUDIT COMMITTEE

Lam Ping Cheung
Xiang Bing
Xin Luo Lin *(Chairman)*

NOMINATION COMMITTEE

Lam Ping Cheung *(Chairman)*
Sam Nickolas David Hing Cheong
Xiang Bing
Xin Luo Lin

REMUNERATION COMMITTEE

Chen Wei
Lam Ping Cheung
Xiang Bing
Xiang Ya Bo
Xin Luo Lin *(Chairman)*

COMPANY SECRETARY

Lo Tai On

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2521 1181
Facsimile : (852) 2851 0970
Stock Code : 622
Website : http://www.enerchina.com.hk

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(As to Hong Kong law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Norton Rose Fulbright Hong Kong
Peter C. Wong, Chow & Chow in association with
Guantao Law Firm (Hong Kong)
Woo, Kwan, Lee & Lo

(As to Bermuda law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

CONTENTS

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Enerchina Holdings Limited ("Enerchina" or the "Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2014, the Group's turnover from continuing operations amounted to approximately HK$683.3 million, an increase of 65% over last year. Profit attributable to owners of the Company increased by 262% to HK$511.3 million. Basic earnings per share from continuing and discontinued operations rose 261% to HK7.11 cents. The growth in net profit was mainly attributable to gains on financial assets at fair value through profit or loss.

OVERVIEW

Overall, the world economy maintained a moderate growth in 2014. The momentum was nonetheless dragged by uneven economic development among countries due to incomplete structural adjustments following the financial crisis.

In spite of increased downward pressure, the Chinese economy maintained stable development in 2014, moving forward at a steady pace with enhanced quality. The year saw many challenges and difficulties confronting China, including a slumping property market, high local government debt, and excessive production capacity, which led to continued decline in investment growth, a major factor pressing down the economy. Slower economic growth notwithstanding, China's economy saw initial success in the structural adjustment of industrial sectors, coming out gradually from the over-reliance on investment and real estate, as the emerging industries and service sectors gained ground. All in all, China managed to overcome many pressures and challenges in 2014 to achieve a 7.4% economic growth, meeting the target of "around 7.5%" set in the previous year.

OUTLOOK

Looking ahead, the global economy should perform better in 2015 than 2014. The most positive factor is lower oil prices, particularly so as the recent decline is, to a large extent, a result of increased supply. The International Monetary Fund believes that lower oil prices will increase the 2015 global output growth by 0.3% to 0.7%. With the United States basically recovered from the financial crisis, its economy is particularly well placed to perform strongly. The Federal Reserve may raise interest rates slightly in 2015, but the extent will not be much. It is highly likely that the United States economy will accelerate its expansion pace.

At this stage, China's economy is facing headwinds and confronting many challenges in reforms. Nonetheless, the Chinese government has the essential policy tools up its sleeves, and would be able to secure steady growth for the economy in 2015. Presently, there are many long-term changes taking place in China, ranging from consumer demand, investment demand, exports and international settlements, production capacity and industrial structure, to the relative advantages of production factors, the market competition landscapes, the resources and environmental constraints, the removing of accumulated financial risks, the resources allocation models, and the macro-control methods. The economy is evolving to a more sophisticated form, with a more complex division of labor and a more reasonable structure.

We believe that China's economic development is in a critical transitional stage, and 2015 is an important year therein. The Group will carefully study the relevant policies and long-term plans of the state and keep a close eye on any major investment and development opportunities that may arise from the transition. We will utilize our strong cash position to capture favourable investment and merger and acquisition opportunities and to diversify our operations so as to generate stable and satisfactory long-term returns for the shareholders.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my gratitude to all the staff for their devoted efforts and hard work. I would also like to thank all shareholders for their support over the past years.

CHEN Wei
Chairman

Hong Kong, 17 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services as well as investment holdings. Following completion of the disposal of the entire interest of Henan ADD Electric Equipment Co., Ltd., the Group ceased to operate the electrical and energy-related business on 3 December 2014.

For the year ended 31 December 2014, the Group's turnover from continuing operations amounted to approximately HK$683.3 million, an increase of 65% over last year. Profit for the year significantly increased by 262% to HK$511.3 million. Basic earnings per share from continuing operations and discontinuing operation rose 261% to HK7.11 cents. The growth in net profit was mainly attributable to gains on financial assets at fair value through profit or loss.

PRINCIPAL OPERATIONS

During the year, the Group disposed its loss making business being the electrical and energy-related business. The Group now focuses on being a one-stop integrated financial services provider, offering an extensive range of financial services to its customers, as well as generating attractive returns by trading and investment in securities and explore new potential investment opportunities. The Group will continue to use best endeavours to identify new investment opportunities from time to time in order to maximize returns for our shareholders.

Existing business operations

The Group's turnover for the year ended 31 December 2014 increased by approximately 65% to HK$683.3 million when compared to HK$414.1 million in 2013. Income from sale of securities included in trading of securities segment recorded a gain of HK$628.0 million (2013: HK$371.0 million). Dividend income from investments included in trading of securities segment increased by approximately 369% to HK$32.2 million when compared to HK$6.9 million in 2013, which was mainly due to more dividends were received by the Group from listed securities. Interest income from money lending services slightly decreased by approximately 1% to HK$20.1 million when compared to HK$20.2 million in 2013 as the average interest rates charged to the customers dropped during the current year. Corporate finance advisory fees increased by approximately 27% to HK$4.4 million when compared to HK$3.5 million in 2013. Corporate finance advisory segments results improved as a result of increase in customers' portfolio. Income from securities brokerage, placing, underwriting and margin financing services, was HK$24.3 million, representing an increase of approximately 76% when compared to HK$13.9 million in 2013 as more sizeable underwriting, sub-underwriting, placing and sub-placing transactions were undertaken during the current year. Investment advisory services increased by approximately 18% to HK$6.5 million when compared to HK$5.5 million in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Discontinued business operations

I. Disposal of Henan ADD Electric Equipment Co., Ltd. ("Henan ADD") — High-voltage Porcelain Products during the year ended 31 December 2014

In October 2014, Enerchina Investments Limited ("Enerchina Investments"), a direct wholly-owned subsidiary of the Company, and SinyNet Storage Technology (Asia) Co., Ltd ("SinyNet Storage") entered into a conditional sale and purchase agreement pursuant to which Enerchina Investments agreed to sell and SinyNet Storage agreed to acquire the entire issued share capital of Deluxe International Investment Limited ("Deluxe"), an indirect wholly-owned subsidiary of the Company, at a consideration of HK$25,500,000 and SinyNet Storage agreed to accept the assignment of the shareholder's loan advanced by Enerchina Investments to Deluxe from Enerchina Investments at a consideration of HK$20,000,000, the aggregate consideration of which equals to approximately HK$45,500,000 (the "Disposal"). The Disposal was approved by the shareholders of the Company at the special general meeting held on 21 November 2014. The Disposal was completed on 3 December 2014 and recorded a loss from discontinued operation amounted HK$4.6 million. Upon completion, the Company did not have any interest in Deluxe and Deluxe together with Henan ADD Electric Equipment Co., Ltd was ceased to be subsidiaries of the Company.

II. Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade")

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the "CNOOC Gas" or "Buyer"). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalized and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK$255,185,000, being the amount of consideration receivable amounting to HK$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK$103,736,000, in the profit and loss account for the year ended 31 December 2013.

During the year, legal recourse has been sought and waiting the decision from the court. Notwithstanding the provision made against the doubtful consideration receivable, the management of the Company will take all necessary measures to defend the interest of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

The Group's total borrowings amounted HK$65.8 million as at 31 December 2013 (31 December 2014: nil) Gearing ratio as at 31 December 2013, calculated on the basis of total borrowing over shareholders' equity, was 1.7% (31 December 2014: nil).

The Group's financial services business and money lending are not exposed to foreign exchange risk as most of the transactions are denominated in HK$. No financial instruments were used for hedging purposes.

The Group's cash and cash equivalents amounted to HK$1,127.6 million as at 31 December 2014 and are mostly denominated in RMB, HK$ and USD.

Capital commitments

As at 31 December 2014, the Group had capital commitments in respect of the acquisition of an entity incorporated in the BVI amounting to HK$60.4 million that have not been provided for in the financial statements.

PROSPECTS

Shanghai-Hong Kong Stock Connect Scheme, a cross-border investment channel launched in November 2014, is one of the milestones in the development of capital markets in China. Against a backdrop of large worldwide investor base and abundant capital pool, the Group is optimistic to capitalise on Hong Kong's unique position as the gateway to the Mainland China and the Asia Pacific market. We believe a great amount of investment and development opportunities still exist in Hong Kong and the PRC market. We will continue to improve the management of our existing businesses and projects; and will actively seek new business and investment opportunities so as to enhance the value of the Company for all shareholders.

The Board believes that the outlook of the financial services sector is positive. The Company is expanding its professional team and enhancing its capability to cope with the expected increase in business opportunities, and is also actively expanding the service platform and customer base in its financial businesses to develop new streams of revenue and returns for the Company.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group employed approximately 33 full time employees. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. In addition, share options may be granted to certain eligible directors and employees of the Group in accordance with the terms of the approved share option scheme.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Wei, aged 53, was appointed as the chief executive officer and an executive director of the Company since May 2007 and ceased to act as chief executive officer and appointed as the chairman of the board of directors and a member of the remuneration committee of the Company in March 2012. He is currently an executive director of Sinolink Worldwide Holdings Limited ("Sinolink"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chen holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. He was previously employed by a number of large organisations and has over 29 years of experience in engineering, business administration, market development and management. Mr. Chen is responsible for the overall business development, management and strategic planning of the Group. He was an executive director of Towngas China Company Limited, a listed company on the Stock Exchange, during 2001–2009. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

Mr. Sam Nickolas David Hing Cheong, aged 33, has been appointed as an executive director, the chief executive officer and a member of the nomination committee of the Company since March 2012. He holds a Bachelor of Laws with Honours and a Bachelor of Arts from the University of Waikato, New Zealand. Mr. Sam is admitted as a solicitor in the jurisdictions of England and Wales, the British Virgin Islands and New Zealand. Mr. Sam is also a registered foreign legal consultant of George & Partners, a specialist corporate law firm principally advising on the laws of the British Virgin Islands. He was formerly an executive director of Radford Capital Investment Limited, a company listed on the Stock Exchange from 30 June 2011 to 15 March 2012, and prior to that appointment was a lawyer at international law firm Ogier, where he specialized in corporate advisory matters, mergers and acquisitions, and the formation and representation of investment funds. Before that, Mr. Sam practiced commercial law in New Zealand, and was also previously a regulatory advisor for a government department in New Zealand. Save as disclosed above, Mr. Sam has not held any directorship in other listed public companies in the past three years.

Mr. Tang Yui Man Francis, aged 52, has been appointed as an executive director of the Company since May 2002. Mr. Tang is also an executive director, the chairman of the board of directors and a member of the remuneration committee of Sinolink, a company listed on the Stock Exchange. Mr. Tang holds a Bachelor of Computer Studies degree from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. He is responsible for corporate and financial planning, strategic development and management of the Company. He was an alternate director to Mr. Ou Yaping, a former executive director of the Company, of Towngas China Company Limited, a company listed on the Stock Exchange, during 2007–2011. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

Mr. Xiang Ya Bo, aged 58, has been appointed as an executive director of the Company since May 2002 and a member of remuneration committee of the Company. Mr. Xiang is also an executive director and chief executive officer of Sinolink, a company listed on the Stock Exchange. He is a brother of Mr. Ou Yaping, the former chairman of the Board, a former executive director and a substantial shareholder of the Company. He graduated with an engineering degree. Mr. Xiang has over 29 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Mr. Xiang is responsible for the overall business development and management. Save as disclosed above, Mr. Xiang has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Ping Cheung, aged 63, has been appointed as an independent non-executive director and a member of the audit and remuneration committees and the chairman of the nomination committee of the Company since March 2012. Mr. Lam is a renowned solicitor in Hong Kong. He graduated from the Chinese University of Hong Kong in 1977 and holds a bachelor degree in social science. In 1980, he went to the United Kingdom to pursue his legal studies. He was qualified as a solicitor in Hong Kong in 1985. Mr. Lam was the founder and partner of Messrs. Lam & Co. (formerly known as Messrs. Andrew Lam & Co.), a law firm in Hong Kong. Mr. Lam was the chairman and an executive director of Seamless Green China (Holdings) Limited, a company listed on the GEM board of the Stock Exchange during 2010–2011. Mr. Lam was an independent non-executive director of Golden Resources Development International Limited, a company listed on the Stock Exchange during 2011 to 2012. Save as disclosed above, Mr. Lam has not held any directorship in any other listed public companies in the last three years.

Dr. Xiang Bing, aged 53, has been appointed as an independent non-executive director of the Company since December 2008. He is also a member of audit committee, nomination committee and remuneration committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director and a member of audit committee and remuneration committee of China Dongxiang (Group) Co., Ltd, Dan Form Holdings Company Limited, Longfor Properties Co., Ltd., and HC International, Inc.; an independent non-executive director and a member of audit committee, nomination committee and remuneration committee of Sinolink; an independent non-executive director and the chairman of audit committee and remuneration committee and a member of nomination committee of Peak Sport Products Co., Limited, all of which are companies listed on the Stock Exchange. Dr. Xiang is also an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of LDK Solar Co. Ltd. and an independent non-executive director and a member of audit committee of E-House (China) Holdings Limited, both are listed on the New York Stock Exchange and an independent non-executive director and a member of audit committee and remuneration committee of Perfect World Co., Ltd., a company listed on Nasdaq. He is an independent non-executive director and a member of audit committee and strategic committee and the chairman of remuneration committee of Yunnan Baiyao Group Co., Ltd., a company listed on the Shenzhen Stock Exchange. He was a director of Jutal Offshore Oil Services Limited, a company listed on the Stock Exchange, a director of Shenzhen Terca Technology Co., Ltd. (深圳市特爾佳科技股份有限公司), TCL Corporation (TCL集團股份有限公司), Shaanxi Qinchuan Machine Development Co., Ltd. (陝西秦川機械發展股份有限公司) and Guangdong Midea Electric Appliances Co. Ltd. (廣東美的電器股份有限公司), all are listed on Shenzhen Stock Exchange, a director of Wuhan Jianmin Pharmaceutical Groups Co., Ltd. (武漢健民藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange. Dr. Xiang was an independent non-executive director of E Fund Management Co., Ltd, a company listed on the Shenzhen Stock Exchange, until 29 June 2010 and he was an independent non-executive director and the chairman of remuneration committee of Little Sheep Group Limited, a company listed on the Stock Exchange, during 2008–2012. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xin Luo Lin, aged 66, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin is a postgraduate from the Peking University in the People's Republic of China (the "PRC"). He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, chairman of audit committee and remuneration committee and a member of nomination committee of Sinolink; an independent non-executive director, member of audit committee and remuneration committee of Central China Real Estate Limited; a non-executive director of Asian Capital Holdings Limited and a non-executive director of China Environmental Technology Holdings Limited, all are listed companies on the Stock Exchange; Mr. Xin is a director of Mori Denki Mfg. Co., Ltd., a public company listed on the Tokyo Stock Exchange and a director and the Vice Chairman of Oriental Technologies Investment Limited, a listed company on the Australian Stock Exchange. Mr. Xin was a non-executive director of Sino-Tech International Holdings Limited, a company listed on the Stock Exchange, from 2010 to 2012. Mr. Xin was an adviser to the chairman of Guangdong Capital Holdings Limited during the period from 1998 to 2000. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

MANAGING DIRECTOR OF INVESTMENT DEPARTMENT

Mr. Alexander Ji, aged 39, joined the Company in February 2008 and was appointed Managing Director of Investment Department of the Company shortly after. He holds a Bachelor of Science Degree in economics and international area studies from University of California, Los Angeles. He has over 13 years of experience in financial planning, investment analysis, project evaluation and strategic planning, as well as project management and investment.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") present their annual report and the audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 33 to 34.

No interim dividend (2013: Nil) was paid to the shareholders during the year. The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 37.

The Company's reserves available for distribution to shareholders as at 31 December 2014 amounted to HK$483,845,000 (2013: HK$142,403,000).

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Chen Wei *(Chairman)*
Sam Nickolas David Hing Cheong *(Chief Executive Officer)*
Tang Yui Man Francis
Xiang Ya Bo

Independent Non-executive Directors:

Lam Ping Cheung
Xiang Bing
Xin Luo Lin

REPORT OF THE DIRECTORS

In accordance with Bye-law 87(2) of the Bye-laws, Mr. Tang Yui Man Francis, Mr. Xiang Ya Bo and Dr. Xiang Bing shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received an annual confirmation of independence from each of the Independent Non-executive Directors pursuant to Rule 3.13 of The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all of Independent Non-executive Directors to be independent.

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

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND IN SHARE OPTIONS

As at 31 December 2014, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares and underlying shares of the Company

		Interest in shares						
Name of Directors	Capacity	Personal interest	Family interest	Corporate interest	Total interest in Shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of issued share capital of the Company as at 31.12.2014
Chen Wei	Beneficial owner	13,162,500	–	–	13,162,500	41,910,000	55,072,500	0.77%
Tang Yui Man Francis	Beneficial owner	20,840,625	–	–	20,840,625	13,970,000	34,810,625	0.48%
Xiang Ya Bo	Beneficial owner	–	–	–	–	13,970,000	13,970,000	0.19%
Xin Luo Lin	Beneficial owner	9,999,000	–	–	9,999,000	4,191,000	14,190,000	0.20%

Details of the Directors' interests in share options granted by the Company are set out below under the heading "Directors' rights to acquire shares or debentures of the Company and associated corporation".

Save as disclosed above, as at 31 December 2014 none of the directors and chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

The Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, under the 2002 Share Option Scheme (as hereinafter defined), details of the outstanding options as at 31 December 2014 held by each Director were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price	Number of Shares subject to outstanding options as at 31.12.2014	Approximate percentage of the issued share capital of the Company as at 31.12.2014
			HK$		
Chen Wei	13.11.2007	01.01.2010 – 12.11.2017	0.322	20,955,000	0.29%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	20,955,000	0.29%
Tang Yui Man Francis	13.11.2007	01.01.2010 – 12.11.2017	0.322	6,985,000	0.10%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	6,985,000	0.10%
Xiang Ya Bo	13.11.2007	01.01.2010 – 12.11.2017	0.322	6,985,000	0.10%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	6,985,000	0.10%
Xin Luo Lin	13.11.2007	01.01.2010 – 12.11.2017	0.322	2,095,500	0.03%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	2,095,500	0.03%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

3. Movement of the options held by the Directors during the year is set out below under the heading "Share Option Scheme of the Company".

Save as disclosed above, at no time during the year, the Directors, chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for Shares (warrants or debentures of the Company, if applicable) or shares of any of its associated corporation required to be disclosed pursuant to the SFO.

Other than as disclosed above, at no time during the year was the Company, its subsidiaries or holding companies a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME OF THE COMPANY

(A) The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the "2002 Share Option Scheme"), under which the Board may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for Shares subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme has a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012.

The exercise price of the share options will be determined at the highest of (i) the average of closing prices on the Stock Exchange on the five trading days immediately preceding the date of grant; (ii) the closing price of the Shares on the Stock Exchange on the date of grant; or (iii) the nominal value of the Shares. The share options granted must be taken up within 28 days from the date of grant.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant. The minimum period for which a share option must be held before it can be exercised would be determined by the Board of Directors.

No further options shall thereafter be offered under the 2002 Share Option Scheme but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

As at 31 December 2014, a total of 101,981,000 Shares (representing approximately 1.418% of the existing issued share capital of the Company as at the date of this Annual Report) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2002 Share Option Scheme.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price *HK$*
2004 Option	09.06.2004	09.06.2004 – 08.06.2014	0.315
	09.06.2004	09.06.2005 – 08.06.2014	0.315
	09.06.2004	09.06.2006 – 08.06.2014	0.315
	09.06.2004	09.12.2006 – 08.06.2014	0.315
2007 Option	13.11.2007	01.01.2010 – 12.11.2017	0.322
	13.11.2007	01.01.2011 – 12.11.2017	0.322

REPORT OF THE DIRECTORS

The following table discloses movements in the Company's share options granted under the 2002 Share Option Scheme during the year:

	Option types	Outstanding at 1.1.2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2014
Category 1: Directors						
Chen Wei	2007 Option	41,910,000	–	–	–	41,910,000
Tang Yui Man Francis	2004 Option	31,963,360	–	–	(31,963,360)	–
	2007 Option	13,970,000	–	–	–	13,970,000
Xiang Ya Bo	2004 Option	31,963,360	–	–	(31,963,360)	–
	2007 Option	13,970,000	–	–	–	13,970,000
Xin Luo Lin	2004 Option	3,196,336	–	–	(3,196,336)	–
	2007 Option	4,191,000	–	–	–	4,191,000
Total for directors		141,164,056	–	–	(67,123,056)	74,041,000
Category 2: Employees						
	2004 Option	3,306,233	–	–	(3,306,233)	–
	2007 Option	27,940,000	–	–	–	27,940,000
Total for employees		31,246,233	–	–	(3,306,233)	27,940,000
All categories		172,410,289	–	–	(70,429,289)	101,981,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. During the year, no options were granted, exercised or cancelled under the 2002 Share Option Scheme.

3. During the year, 70,429,289 options were lapsed under the 2002 Share Option Scheme.

(B) A new share option scheme was adopted by shareholders of the Company on 17 May 2012 ("Date of Adoption") (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter mentioned) options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the Date of Adoption.

REPORT OF THE DIRECTORS

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

The exercisable period of share options would be determined by the Board of Directors at its absolute discretion and notified by the Board of Directors to each Eligible Person as being the period during which the share options may be exercised, such period to expire not later than 10 years after the date of grant of the share options. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of shares in respect of which options may be granted under the 2012 Share Option Scheme is not permitted to exceed 10% of the Shares of the Company in issue on the Date of Adoption ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. During the term of the 2012 Share Option Scheme, the Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares of the Company in respect of which options may be granted under the 2012 Share Option Scheme of the Company and any other share option schemes of the Company must not exceeded 10% of the shares of the Company in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares of the Company in respect of which options may be granted to any Eligible Person in any 12–month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares of the Company in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12–month period is not permitted to exceed 0.1% of the total number of shares of the Company in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares of the Company at the date of each grant, without prior approval from the Company's independent shareholders.

The exercise price for the shares of the Company under the 2012 Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

Consideration of HK$1 is payable by each Eligible Person for the grant of option.

REPORT OF THE DIRECTORS

As at 31 December 2014, no options were granted since the Date of Adoption and a total of 718,965,566 shares of the Company (representing approximately 10% of the existing issued share capital of the Company as at that date of this Annual Report) may be issued upon exercise of all options which may be granted under the 2012 Share Option Scheme.

Additional information in relation to the Company's Share Option Schemes are set out in note 30 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed, no contracts of significance to which the Company, its subsidiaries or holding companies 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions/continuing connected transactions of the Company during the year were as follows:

(a) Connected transactions

During the year, saved as disclosed below, there were no transactions which need to be disclosed as connected transaction pursuant to Chapter 14A of the Listing Rules.

(b) Continuing connected transactions

On 1 April 2014, Sinolink Worldwide Holdings Limited ("Sinolink") and the Company entered into a Master Lease Agreement for the purpose of regulating the Individual Lease Agreements for leasing of the properties by the Company and its subsidiaries from Sinolink and its subsidiaries, for a fixed term of three years from 1 April 2014 to 31 March 2017 (the "Master Agreement"). The annual cap amount for each of the financial years ended/ending 31 December 2014, 2015, 2016 and 2017 are HK$6,000,000, HK$8,000,000, HK$8,000,000 and HK$2,000,000 respectively. The total amount of the transactions for the year ended 31 December 2014 was HK$3,398,000.

On 1 April 2014, Sinolink and the Company were owned as to approximately 44.08% and 36.40% respectively by Asia Pacific Promotion Limited ("Asia Pacific"). Therefore, Asia Pacific is a substantial shareholder of Sinolink and the Company and thus a connected person of both Sinolink and the Company under the Listing Rules. As Asia Pacific owns more than 30% in both Sinolink and the Company, Sinolink and the Company are associates of Asia Pacific under the Listing Rules.

Accordingly, the Master Agreement between Sinolink and the Company constitutes continuing connected transactions for both Sinolink and the Company under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios for the Master Agreement calculated on an annual basis were more than 0.1% and less than 5% for both Sinolink and the Company, in accordance with Rule 14A.34 of the then Listing Rules (Rule 14A.76(2) of the Listing Rules), the Master Agreement was only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the then Listing Rules (Rule 14A.68 and 14A.71 of the Listing Rules) and was exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company had accordingly published an announcement in respect of the aforesaid continuing connected transactions on 1 April 2014.

REPORT OF THE DIRECTORS

Pursuant to Rule 14A.56 of the Listing Rules, the Board of Directors engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the Board of Directors. The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions pursuant to Rule 14A.55 of the Listing Rules and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

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

The Company's auditor was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

Related Party Transactions

Details of the related party transactions are set out in note 39 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

The register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company as at 31 December 2014:

Long positions in shares of the Company

Name of shareholders	Capacity/ Nature of interest	Aggregate interest	Approximate percentage of the issued share capital as at 31.12.2014
Ou Yaping	Interest held jointly with another person and interest of controlled corporations/ Family interest and corporate interest	2,629,140,978 (Note)	36.56%
Asia Pacific Promotion Limited ("Asia Pacific")	Beneficial owner and interest of controlled corporations/ Beneficial interest and Corporate interest	2,617,180,764 (Note)	36.40%

REPORT OF THE DIRECTORS

Note:

2,617,180,764 shares of the Company represent the aggregate of (i) 2,557,105,618 shares of the Company held by Asia Pacific directly; and (ii) 60,075,146 shares of the Company are held by Sinolink Worldwide Holdings Limited ("Sinolink"). Mr. Ou Yaping is the sole shareholder and director of Asia Pacific and through Asia Pacific together with his associates hold a total of 45.08% of the existing issued share capital of Sinolink as at 31 December 2014. Therefore, he is deemed to be interested in all these 2,617,180,764 shares of the Company under the SFO.

Save as disclosed above, as at 31 December 2014, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group in aggregate accounted for about 2% of the Group's turnover from continuing operations. Sales to the largest customer accounted for 1% of the Group's turnover from continuing operations.

As the Group had no significant purchases from continuing operations during the year, the information on major suppliers is not present.

At no time during the year, did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) have an interest in the largest customers or any of the five largest suppliers of the Group for the year ended 31 December 2014.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$2,191,000.

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence.

The emoluments of the directors of the Company are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Remuneration Committee will make recommendation to the Board on the emoluments of the directors.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws although there is no restriction against such rights under the laws in Bermuda.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company adopted all the code provisions in the Corporate Governance Code ("Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices.

During the year, the Company has complied with the code provisions as set out in the Code. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 20 to 30 of this Annual Report.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the year ended 31 December 2014 had been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

Details of the Company's Audit Committee are set out in Corporate Governance Report on page 25.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2014.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2014 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Enerchina Holdings Limited

CHEN Wei
Chairman

Hong Kong, 17 March 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Enerchina Holdings Limited is dedicated to maintaining good and credible corporate governance practices with a view to being transparent, open and accountable to our shareholders, as well as to the stakeholders.

STATEMENT OF COMPLIANCE

During the year 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

BOARD OF DIRECTORS

Composition

As at the date of this report, the Board comprises 7 members (each member of the Board, a "Director"). Mr. Chen Wei acted as the Chairman of the Board, whereas Mr. Sam Nickolas David Hing Cheong acted as Chief Executive Officer of the Company. Other Executive Directors were Mr. Tang Yui Man Francis and Mr. Xiang Ya Bo. The Company had three Independent Non-executive Directors, Mr. Lam Ping Cheung, Dr. Xiang Bing and Mr. Xin Luo Lin, two of the Independent Non-executive Directors have appropriate professional accounting experience and related financial management expertise and representing at least one-third of the Board. There is no financial, business, family or other material relationship between any members of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed in pages 7 to 9 of this Annual Report.

Each Independent Non-executive Director has confirmed that he is independent of the Company pursuant to Rule 3.13 of the Listing Rules and the Company also considers that they are independent.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors retire on a rotational basis at least once every three years at the annual general meeting of the Company and are eligible for re-election. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at that meeting.

The term of office of each Independent Non-executive Director is for a period of 1 year, from 1 January 2015 to 31 December 2015, subject to retirement by rotation and re-election in accordance with the Bye-laws.

Responsibilities of the Board and Management

The Board, headed by the Chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, and formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend, and supervision of management in accordance with the regulations governing the meetings of the Board and the Bye-laws.

The Chief Executive Officer and other executive Directors are responsible for day-to-day management of the Company's operations. The executive Directors conduct meetings with the management of the Company and its subsidiaries (collectively the "Group"), at which operational issues and financial performance are evaluated.

The Company considers the essential of internal control system and risk management function and the Board plays an important role in the implementation and monitoring of internal control and risk management.

CORPORATE GOVERNANCE REPORT

Matters specifically decided by the Board and those reserved for the management, such as daily management administration and operation of the Company, etc., are reviewed by the Board. The management shall report back to the Board. The procedure to enable Directors to seek independent professional advice in appropriate circumstances, at the Company's expenses, was established.

The Bye-laws contain provisions regarding responsibilities and operational procedures of the Board. The Board meets regularly at least four times a year considers operational reports of the Company and policies and financial results of the Company. Significant operational policies have to be discussed and passed by the Board.

During the year 2014, the Board held 4 regular Board meetings (within the meaning of the Code) at approximately quarterly intervals, 4 Board meetings which were convened as necessary and a written resolutions signed by all Board members. Due notice and the Board papers were given to all Directors prior to each regular meeting in accordance with the Code and the Bye-laws. An annual general meeting and a special general meeting were also held during the year. Details of individual attendance of Directors are set out below:

	No. of regular Board meetings attended	No. of other Board meetings attended	No. of general meetings attended
Executive Directors			
Chen Wei *(Chairman)*	4	4	1
Sam Nickolas David Hing Cheong *(Chief Executive Officer)*	4	2	2
Xiang Ya Bo	4	3	2
Tang Yui Man Francis	4	4	2
Independent Non-executive Directors			
Lam Ping Cheung	4	1	1
Xiang Bing	3	1	2
Xin Luo Lin	4	1	2

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written materials to develop and refresh their professional skills; the Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the year, the Company organised for the Directors and management an in-house workshop on the Listing Rules.

CORPORATE GOVERNANCE REPORT

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

	Corporate Governance/Updates on laws, rules and regulations	
	Read materials	**Attend briefings/ in-house workshop**
Executive Directors		
Chen Wei *(Chairman)*	✓	✓
Sam Nickolas David Hing Cheong *(Chief Executive Officer)*	✓	✓
Xiang Ya Bo	✓	✓
Tang Yui Man Francis	✓	✓
Independent Non-executive Directors		
Lam Ping Cheung	✓	✓
Xiang Bing	✓	✓
Xin Luo Lin	✓	✓

Chairman and Chief Executive Officer

The role of the Chairman, Mr. Chen Wei, remains separate from that of the Chief Executive Officer, Mr. Sam Nickolas David Hing Cheong. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each other.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development. During the year, the Chairman had met the Independent Non-Executive Directors without the presence of Executive Directors.

The Chief Executive Officer, assisted by other Executive Directors, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Officer is accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

CORPORATE GOVERNANCE REPORT

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Group. Their responsibilities include:

— attending regular board meetings and focusing on business strategy, operational issues and financial performance;

— active participation on the respective boards of directors of the subsidiaries and associated companies of the Company;

— approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;

— monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

— monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

— consideration of misuse of corporate assets and abuse in related party transaction; and

— ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

— to develop and review the Company's policies and practices on corporate governance;

— to review and monitor the training and continuous professional development of Directors and senior management;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

— to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

During the year, the Board considered the following corporate governance matters:

— review of the policies and practices adopted by the Company, trainings for directors and senior management, and code of conduct and compliance manual, etc;

— review of the usage of annual caps on continuing connected transactions of the Group;

— review of the compliance with the Code and the disclosure of this report; and

— review of the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee.

Board Committees

A number of committees, including the Audit Committee, Nomination Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee comprises two Executive Directors, Mr. Chen Wei and Mr. Xiang Ya Bo, and three Independent Non-executive Directors, Mr. Lam Ping Cheung, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee comply with the Code which are posted on the website of the Company at www.enerchina.com.hk.

The Remuneration Committee's responsibilities mainly include the reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of Non-executive Directors etc.

During the year 2014, the Remuneration Committee:

— reviewed the remuneration policy for 2014/2015;

— reviewed the remuneration of executive directors and independent non-executive directors and management year-end bonus; and

— made recommendation to the Board on the above matters.

The Remuneration Committee held 2 meetings during 2014 with individual attendance as follows and also passed a written resolutions signed by all members:

Members of Remuneration Committee	No. of meeting(s) attended
Chen Wei	2
Xiang Ya Bo	2
Lam Ping Cheung	2
Xiang Bing	2
Xin Luo Lin *(Chairman of the Remuneration Committee)*	2

CORPORATE GOVERNANCE REPORT

The remuneration of the members of the senior management by band for the year ended 31 December 2014 is set out below:

Remuneration bands (HK$)	Number of person(s)
1,000,001 to 2,000,000	3
2,000,001 to 3,000,000	2

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 12 to the consolidated financial statements.

Audit Committee

As at the date of this Annual Report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Lam Ping Cheung, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal control, to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor twice a year to discuss audit process and accounting issues, and reviews effectiveness of internal control and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.

During 2014, the Audit Committee:

— reviewed financial statements for the year ended 31 December 2013 and for the six months ended 30 June 2014;

— reviewed the effectiveness of the internal control system and risk management;

— reviewed the external auditor's audit findings;

— reviewed and approved remuneration of auditor for 2013 and recommended the reappointment of auditor;

— reviewed the continuing connected transactions and the annual cap; and

— reviewed the implementation of policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters and the whistleblowing policy.

As at 31 December 2014, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by Audit Committee during the year.

CORPORATE GOVERNANCE REPORT

The Audit Committee held 3 meetings during the year. Details of individual attendance of its members are as follows:

Members of Audit Committee	No. of meeting(s) attended
Lam Ping Cheung	3
Xiang Bing	2
Xin Luo Lin *(Chairman of the Audit Committee)*	3

Nomination Committee

As at the date of this Annual Report, a Nomination Committee comprises one Executive Director, Mr. Sam Nickolas David Hing Cheong and three Independent Non-executive Directors, Mr. Lam Ping Cheung, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Lam Ping Cheung.

The terms of reference of the Nomination Committee have complied with the Code which are posted on the website of the Company at www.enerchina.com.hk.

The Nomination Committee's responsibilities mainly include the reviewing and recommending the structure, size and composition of the Board and recommending any change thereon; assessing the independence of independent non-executive directors and recommending the re-election of Directors, etc.

During the year 2014, the Nomination Committee:

— reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;

— reviewed the board diversity policy;

— assessed the independence of independent non-executive directors; and

— reviewed and made recommendations to the Board on re-election of retiring directors at the 2015 annual general meeting.

The Nomination Committee held 2 meetings during the year 2014 with individual attendance as follows:

Members of Nomination Committee	No. of meeting(s) attended
Lam Ping Cheung *(Chairman of the Nomination Committee)*	1
Sam Nickolas David Hing Cheong	1
Xiang Bing	1
Xin Luo Lin	1

During the year 2014, there was no change of directorship of the Company.

The Nomination Committee nominated and the Board recommended Mr. Tang Yui Man Francis, Mr. Xiang Ya Bo and Dr. Xiang Bing, being Directors longest in office since their last re-election, to retire by rotation, being eligible, will offer themselves for re-election by shareholders of the Company.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognizes the importance of having a diverse Board in enhancing the board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates to join the Board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution the chosen candidate will bring to the Board.

The Board considers that Board diversity, including gender diversity, is a vital asset to the business.

At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2014, all Directors have complied with the required standard set out in the Model Code.

The Company has also established written guidelines regarding securities transaction on no less exacting than the terms of the Model Code for senior management and specific individual who may have access to inside information in relation to the securities of the Company.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITOR

The external auditor of the Company is Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of the Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2014. Deloitte also reviewed the 2014 unaudited interim financial report of the Company, prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2014 amounted to HK$1,550,000. Non-audit services fees charged by Deloitte were as follows:

Description of professional services rendered in connection with:

	Fee
	HK$'000
— Reviews of the interim financial report of the Company for the six months ended 30 June 2014	450
— Reviews of the financial information of major disposal transaction	180
	630

INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. During the year, the Audit Committee and the Board has conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management system and consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. Based on the results of the review, the system was satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the internal control system.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial services provider as the company secretary of the Company. The primary contact person of the Company with the company secretary is Mr. Tang Yui Man Francis, an Executive Director of the Company. The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum of association and bye-laws of the Company during the year.

A copy of memorandum of association and bye-laws of the Company is posted on the website of the Company at www.enerchina.com.hk.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company ("Shareholder(s)") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the Bye-laws and Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with shareholders and investors

Shareholders are provided with detailed information about the Company in the announcement, annual/interim report and/or circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company held during the year.

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquires.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

At the 2014 Annual General Meeting, a resolution was proposed by the chairman of the meeting in respect of each separate issue itemized on the agenda, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their duly appointed delegates and representatives of Deloitte attended the 2014 Annual General Meeting and answered questions from the Shareholders.

At the Special General Meeting held on 21 November 2014, a resolution was proposed by the chairman of the meeting in respect of the disposal of the entire interest of Deluxe International Investment Limited. Certain independent non-executive directors participated through conference telephone in the meeting and answered the question of the Shareholders.

The Company also maintains a website at www.enerchina.com.hk, where updates on the Company's business developments and operations, financial information and news can always be found.

CORPORATE GOVERNANCE REPORT

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

Address: 28th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Fax: (852) 2851 0970
Email: contact@enerchina.com.hk

In addition, procedure for Shareholders to propose a person for election as a director of the Company is available on the Company's website at www.enerchina.com.hk. The above procedures are subject to the Bye-laws and applicable laws and regulations.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN PREPARING AND REPORTING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the auditor regarding reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 31 to 32.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF ENERCHINA HOLDINGS LIMITED
威華達控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Enerchina Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 99, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 value 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 *HK$'000*	2013 *HK$'000* (restated)
Turnover			
Revenue from financial services		**35,280**	22,855
Revenue from money lending		**20,079**	20,231
Gains on financial assets at fair value through profit or loss		**627,967**	371,011
		683,326	414,097
Continuing operations			
Revenue	5	**55,359**	43,086
Other income	6	**79,905**	32,238
Other gains and losses		**(16,975)**	37,146
Gains on financial assets at fair value through profit or loss		**627,967**	371,011
Allowance for consideration receivable	7	**–**	(255,185)
Depreciation of property, plant and equipment		**(7,723)**	(2,012)
Employee benefits expenses		**(22,571)**	(17,435)
Other expenses		**(54,983)**	(23,821)
Share of results of an associate		**(3,416)**	(1,726)
Finance costs	8	**(195)**	–
Profit before taxation		**657,368**	183,302
Taxation	9	**(141,474)**	(3,054)
Profit for the year from continuing operations	10	**515,894**	180,248
Discontinued operation			
Loss for the year from discontinued operation	11	**(4,618)**	(38,904)
Profit for the year		**511,276**	141,344
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(327)**	2,168
Item that may be subsequently reclassified to profit or loss:			
Fair value change in available-for-sale investments		**870**	–
		543	2,168
Total comprehensive income for the year		**511,819**	143,512

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE	2014 HK$'000	2013 HK$'000 (restated)
Profit for the year attributable to:			
Owners of the Company			
— Profit for the year from continuing operations		**515,894**	180,248
— Loss for the year from discontinued operation		**(4,618)**	(38,904)
Non-controlling interests		**–**	–
		511,276	141,344
Total comprehensive income attributable to:			
Owners of the Company		**511,819**	143,512
Non-controlling interests		**–**	–
		511,819	143,512
		HK cents	*HK cents*
Earnings per share	14		
From continuing and discontinued operations			
Basic		**7.11**	1.97
From continuing operations			
Basic		**7.18**	2.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	15	**26,269**	71,951
Prepaid lease payments	16	**–**	17,532
Available-for-sale investments	17	**595,013**	534,262
Interests in an associate	18	**48,478**	43,276
Intangible assets	19	**3,908**	3,908
Other deposits	20	**280**	255
Deposit paid for acquisition of property, plant and equipment		**2,451**	21,377
Deposit paid for an investment	37	**6,708**	–
		683,107	692,561
Current assets			
Inventories	21	**–**	24,936
Prepaid lease payments	16	**–**	505
Trade and other receivables, deposits and prepayments	22	**651,937**	584,904
Entrusted loans receivable	23	**28,308**	–
Taxation recoverable		**107**	396
Financial assets at fair value through profit or loss	24	**2,037,384**	963,962
Pledged bank deposits	25	**–**	789
Bank balances — trust and segregated accounts	25	**29,651**	18,523
Bank balances (general accounts) and cash	25	**1,127,641**	1,709,265
		3,875,028	3,303,280
Current liabilities			
Trade and other payables	26	**50,985**	76,833
Taxation payable		**14,673**	2,639
Borrowings — due within one year	27	**–**	65,802
		65,658	145,274
Net current assets		**3,809,370**	3,158,006
Total assets less current liabilities		**4,492,477**	3,850,567
Non-current liabilities			
Deferred taxation	29	**130,091**	–
Net assets		**4,362,386**	3,850,567

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	NOTE	2014 HK$'000	2013 HK$'000
Capital and reserves			
Share capital	28	**71,897**	71,897
Reserves		**4,282,855**	3,771,036
Equity attributable to owners of the Company		**4,354,752**	3,842,933
Non-controlling interests		**7,634**	7,634
Total equity		**4,362,386**	3,850,567

The consolidated financial statements on pages 33 to 99 were approved and authorised for issue by the Board of Directors on 17 March 2015 and are signed on its behalf by:

Chen Wei	**Tang Yui Man Francis**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Contribution surplus HK$'000	Investment revaluation reserves HK$'000	Share options reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	71,897	3,041,421	26,866	544	–	7,547	551,146	3,699,421	–	3,699,421
Exchange differences arising on translation to presentation currency	–	–	2,168	–	–	–	–	2,168	–	2,168
Profit for the year	–	–	–	–	–	–	141,344	141,344	–	141,344
Total comprehensive income for the year	–	–	2,168	–	–	–	141,344	143,512	–	143,512
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	7,634	7,634
At 31 December 2013	71,897	3,041,421	29,034	544	–	7,547	692,490	3,842,933	7,634	3,850,567
Exchange differences arising on translation to presentation currency	–	–	(327)	–	–	–	–	(327)	–	(327)
Fair value change in available-for-sale investments	–	–	–	–	870	–	–	870	–	870
Profit for the year	–	–	–	–	–	–	511,276	511,276	–	511,276
Total comprehensive income for the year	–	–	(327)	–	870	–	511,276	511,819	–	511,819
Transfer of translation reserve to retained earnings upon disposal of subsidiaries	–	–	(5,943)	–	–	–	5,943	–	–	–
Transfer upon lapse of share options	–	–	–	–	–	(3,619)	3,619	–	–	–
At 31 December 2014	**71,897**	**3,041,421**	**22,764**	**544**	**870**	**3,928**	**1,213,328**	**4,354,752**	**7,634**	**4,362,386**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**652,750**	144,398
Adjustments for:		
Depreciation of property, plant and equipment	**12,931**	7,664
Release of prepaid lease payments	**459**	499
Interest expenses	**5,205**	3,070
Interest income	**(41,721)**	(22,770)
Gain on disposal of subsidiaries	**(5,445)**	–
Write-down on inventories	**–**	2,419
Loss on disposal of property, plant and equipment	**50**	–
Impairment loss on property, plant and equipment	**–**	20,419
Impairment loss in respect of an available-for-sale investment	**5,000**	–
Provision of financial guarantees	**8,629**	–
Allowance for consideration receivable	**–**	255,185
Share of results of an associate	**3,416**	1,726
Dividend income	**(32,200)**	(6,869)
Operating cash flows before movements in working capital	**609,074**	405,741
(Increase) decrease in other deposits	**(25)**	25
Decrease in inventories	**6,316**	5,499
(Increase) decrease in financial assets at fair value through profit or loss	**(1,073,422)**	491,326
Increase in trade and other receivables, deposits and prepayments	**(78,781)**	(529,679)
(Increase) decrease in bank balances — trust and segregated accounts	**(11,128)**	218
Increase in trade and other payables	**34,613**	14,331
Cash (used in) from operations	**(513,353)**	387,461
Interest paid on borrowings	**(5,205)**	(3,070)
Income tax refunded (paid)	**829**	(451)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(517,729)**	383,940

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES			
Pledged bank deposits released		–	444
Pledged bank deposits made		(28,516)	–
Deposits paid for proposed investment		(6,708)	–
Refund of deposits paid for proposed acquisition		–	100,000
Deposits paid for acquisition of property, plant and equipment		(234)	(21,377)
Repayment from an independent third party		–	40,000
Dividend received		32,200	6,869
Interest received		41,721	22,770
Proceeds from disposal of property, plant and equipment		129	–
Purchase of available-for-sale investments		(64,992)	(29,262)
Investment in entrusted loans receivable		(61,413)	–
Receipts from entrusted loans receivable		33,105	–
Purchase of property, plant and equipment		(2,131)	(12,195)
Net cash flows arising from disposal subsidiaries	34	22,794	–
Net cash flows arising from acquisition of subsidiaries	35	–	(16,625)
Investment in an associate		(8,618)	(45,002)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(42,663)	45,622
FINANCING ACTIVITIES			
New bank and other loans raised		44,248	28,208
Repayment of bank loans		(65,386)	–
Capital contribution from a non-controlling shareholder of a subsidiary		–	7,634
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(21,138)	35,842
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(581,530)	465,404
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,709,265	1,243,437
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(94)	424
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances (general accounts) and cash		1,127,641	1,709,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

Prior to the disposal of Deluxe International Investment Limited ("Deluxe"), the Group was principally engaged in investment holdings, manufacturing and sales of electrical and energy-related products, provision of securities brokerage services, placing and underwriting services, provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services. During the year ended 31 December 2014, the Group discontinued its operation in manufacturing and sales of electrical and energy-related products upon the disposal of Deluxe in December 2014. Details of the disposal of Deluxe is disclosed in note 34.

In prior years and up to the disposal of Deluxe in December 2014, the Company's functional currency was Renminbi ("RMB"). The directors of the Company had evaluated the primary economic environment in which the Company operates, including the underlying investment activities and strategy of the Company after the disposal of Deluxe in December 2014 and have determined that the functional currency of the Company changed from RMB to Hong Kong Dollars ("HK$"). The effects of the change of the functional currency of the Company had been accounted for prospectively during the year. The consolidated financial statements are continued to be presented in HK$.

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

In the current year, the Group has applied the following amendments to HKFRSs and new interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-INT 21	Levies

The application of the amendments to HKFRSs and new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]
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
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2011 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include a) impairment requirements for financial assets; b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

HKFRS 9 Financial instruments (Continued)

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

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets (e.g. the Group's unlisted shares in overseas and the People's Republic of China (the "PRC") that are currently classified as available-for-sale investments may have to be measured at fair value through profit or loss upon the adoption of HKFRS 9). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622).

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the subsidiaries are presented separately from the Group's equity therein.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

Commission income for broking business is recognised when the services are provided.

Advisory and other fee income are recognised when the relevant services have been rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment losses on tangible and intangible assets

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible and intangible assets (Continued)

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated 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 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, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

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

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a 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
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other deposits, trade and other receivables, entrusted loans receivable, pledged bank deposits, bank balances — trust and segregated accounts and bank balances (general accounts) and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated equity securities (e.g. unlisted shares and investment fund, listed shares in Hong Kong) as available-for-sale financial assets on initial recognition of those items.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

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

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recovery of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities including borrowings, trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts (the liability component) and deemed as held-for-trading when the economic characteristics 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 guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the translation reserve.

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 disposal involving loss of joint control over a jointly controlled entity 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. On disposal of subsidiaries which are not foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company is transferred to retained earnings.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expenses when employees have rendered service entitling them to the contributions.

Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability, aged analysis of accounts, the values of underlying collateral and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of those clients in default of settlement. If the financial conditions of debtors and their ability to make payments worsen, additional allowance may be required. As at 31 December 2014, the aggregate carrying amount of trade receivables arising from secured margin clients and loans to independent third parties are HK$110,428,000 and HK$465,665,000 (2013: HK$220,439,000 and HK$289,117,000) respectively with nil allowance (2013: nil).

5. REVENUE AND SEGMENT INFORMATION

(A) Revenue

	2014	2013
	HK$'000	*HK$'000*
		(re-presented)
An analysis of the Group's revenue from continuing operations for the year is as follows:		
Fee and commission income	**12,924**	5,244
Interest income from margin clients	**11,412**	8,611
Interest income from loans receivable	**20,079**	20,231
Advisory and other fee income	**10,944**	9,000
	55,359	43,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment. During the year ended 31 December 2014, securities trading and investments and money lending have become substantial operating activities to the Group, therefore they are reported separately to the chief operating decision makers and hence each constitute a reportable and operating segment. Also, operation regarding the manufacture and sale of electrical and energy-related products was discontinued as a result of disposal of Deluxe. The segment information reported below does not include any amounts for the discontinued operation. Details of the discontinued operation are set out in note 11.

During the year ended 31 December 2014, the Group's reportable and operating segments are as follows:

(a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services ("Financial Services");

(b) securities trading and investments; and

(c) money lending.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segment.

For the year ended 31 December 2014

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Turnover				
Revenue from financial services	35,280	–	–	35,280
Revenue from money lending	–	–	20,079	20,079
Total revenue	35,280	–	20,079	55,359
Gains on financial assets at fair value through profit or loss	–	627,967	–	627,967
Total turnover, representing segment revenue	35,280	627,967	20,079	683,326
Segment profit	116	660,167	16,584	676,867
Unallocated other income				38,468
Net exchange loss				(3,296)
Impairment losses in respect of an available-for-sale investment				(5,000)
Provision of financial guarantees				(8,629)
Share of results of an associate				(3,416)
Central corporate expenses				(37,626)
Profit before taxation from continuing operations				657,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Segment turnover and results (Continued)

For the year ended 31 December 2013 (re-presented)

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Turnover				
Revenue from financial services	22,855	–	–	22,855
Revenue from money lending	–	–	20,231	20,231
Total revenue	22,855	–	20,231	43,086
Gains on financial assets at fair value through profit or loss	–	371,011	–	371,011
Total turnover, representing segment revenue	22,855	371,011	20,231	414,097
Segment profit	7,151	377,880	13,664	398,695
Unallocated other income				22,770
Net exchange gain				37,146
Allowance for consideration receivable				(255,185)
Share of results of an associate				(1,726)
Central corporate expenses				(18,398)
Profit before taxation from continuing operations				183,302

Segment turnover from continuing operations includes revenue from financial services and money lending operations. In addition, the chief operation decision makers also consider gains on financial assets at fair value through profit or loss as segment turnover.

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, certain other gains and losses, allowance for consideration receivable, impairment loss in respect of available-for-sale investments, provision of financial guarantees, share of results of an associate, central corporate expenses and taxation. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Segment assets and liabilities

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

At 31 December 2014

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Segment assets	150,643	2,666,945	503,969	3,321,557
Unallocated property, plant and equipment				25,942
Deposit paid for acquisition of property, plant and equipment				2,451
Deposit paid for an investment				6,708
Unallocated other receivables, deposits and prepayments				25,251
Interests in an associate				48,478
Tax recoverable				107
Bank balances (general accounts) and cash				1,127,641
Consolidated assets				4,558,135
Segment liabilities	32,539	–	1,207	33,746
Unallocated other payables				17,239
Taxation payables				14,673
Deferred tax liabilities				130,091
Consolidated liabilities				195,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)
(B) Segment information (Continued)
Segment assets and liabilities (Continued)

As at 31 December 2013 (re-presented)

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000* (re-presented)
Segment assets	237,239	1,530,814	295,846	2,063,899
Assets relating to discontinued operation				133,239
Unallocated property, plant and equipment				14,008
Deposits paid for acquisition of property, plant and equipment				21,377
Interests in an associate				43,276
Unallocated other receivables, deposits and prepayments				10,381
Tax recoverable				396
Bank balances (general accounts) and cash				1,709,265
Consolidated assets				3,995,841
Segment liabilities	24,901	–	23,921	48,822
Liabilities relating to discontinued operation				89,150
Unallocated other payables				4,663
Taxation payables				2,639
Consolidated liabilities				145,274

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, deposit paid for acquisition of property, plant and equipment, deposit paid for an investment, interests in an associate, certain other receivables, deposits and prepayments, tax recoverable and bank balances (general accounts) and cash.

- all liabilities are allocated to operating and reportable segments other than certain other payables, taxation payables and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)
(B) Segment information (Continued)
Other segment information

For the year ended 31 December 2014

	Financial services *HK$'000*	**Securities trading and investments** *HK$'000*	**Money lending** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Continuing operations					
Amounts included in the measure of segment profit or segment assets:					
Additions of property, plant and equipment	**388**	**–**	**–**	**19,160**	**19,548**
Depreciation of property, plant and equipment	**497**	**–**	**–**	**7,226**	**7,723**

For the year ended 31 December 2013 (re-presented)

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Continuing operations					
Amounts included in the measure of segment profit or segment assets:					
Additions of property, plant and equipment	329	–	–	10,946	11,275
Depreciation of property, plant and equipment	170	–	–	1,842	2,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

(B) Segment information (Continued)

Geographical information

The Group's continuing operations are located in Hong Kong.

Non-current assets (excluding financial assets) by geographical location of assets are detailed below:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**87,580**	83,185
The PRC	**–**	74,859
	87,580	158,044

Information about major customers

There is no single customer contributing over 10% of total sales from continuing operations of the Group for the year ended 31 December 2014 and 2013.

6. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Interest income on:		
— bank deposits	**31,775**	19,559
— entrusted loans receivable	**2,826**	–
— listed bonds designated at fair value through profit or loss	**6,116**	–
— others	**577**	3,099
	41,294	22,658
Dividend income from financial assets at fair value through profit or loss:		
— listed investments held for trading	**30,677**	6,869
— unlisted investment funds	**1,523**	–
Others	**6,411**	2,711
	79,905	32,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. ALLOWANCE FOR CONSIDERATION RECEIVABLE

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in 中海油深圳電力有限公司 (formerly known as 深圳福華德電力有限公司, Shenzhen Fuhuade Electric Power Co., Ltd.) ("Shenzhen Fuhuade") to 中海石油氣電集團有限責任公司 (CNOOC Gas & Power Group) (the "Purchaser"). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000) is payable in instalments, the payment of which is subject to finalisation and confirmation of the results of supplemental audit on the financial information of Shenzhen Fuhuade for the period from 1 January 2010 to the date of the disposal (the "Supplemental Audit"). Up to 31 December 2012, the Supplemental Audit was not yet finalised and the Group had difficulties in seeking a satisfactory conclusion on the Supplemental Audit, in the absence of which the settlement of the consideration receivable was subject to negotiation with the Purchaser. Due to this reason, a provision for doubtful debts of HK$93,132,000 has been made during the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to seek a satisfactory conclusion on the Supplemental Audit. Under the circumstances, the directors of the Company are of the opinion that the timing and eventual outcome of the finalisation of the Supplemental Audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. Accordingly, it is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. In view of this, the Group fully wrote down the receivable amount of HK$255,185,000, being the amount of consideration receivable amounting to HK$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK$103,736,000, which were paid by the Purchaser on behalf of the Group, to the profit or loss during the year ended 31 December 2013.

At 31 December 2014, the Group was still not able to seek a satisfactory conclusion on the Supplemental Audit nor on the settlement of outstanding instalments.

8. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest on other borrowings wholly repayable within five years	**195**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Taxation for the year comprises:		
Hong Kong Profits Tax	**11,383**	3,054
Deferred tax charged (note 29)	**130,091**	–
	141,474	3,054

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2014 (2013: 16.5%).

Taxation for the year can be reconciled to the profit before taxation from continuing operations per consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000* (restated)
Profit before taxation from continuing operations	**657,368**	183,302
Tax charge at applicable tax rate of 16.5% (2013: 16.5%)	**108,466**	30,245
Tax effect of expenses not deductible for tax purpose	**9,427**	45,963
Tax effect of income not taxable for tax purpose	**(5,945)**	(72,046)
Tax effect of tax losses not recognised	**1,540**	–
Tax effect of share of results of an associate	**564**	285
Utilisation of tax losses previously not recognised	**–**	(1,393)
Others	**27,422**	–
Taxation for the year from continuing operations	**141,474**	3,054

Deferred tax asset has not been recognised in the consolidated financial statements in respect of the estimated tax losses of HK$832,020,000 (2013: HK$822,687,000) available to offset the future assessable profit due to the unpredictability of future profits streams. Included in unrecognised tax losses as at 31 December 2013 were losses of HK$10,672,000, HK$30,811,000, HK$12,238,000 and HK$10,898,000 incurred by the PRC subsidiary of Deluxe that would expire by 2018, 2017, 2016 and 2015 and these tax losses are not included in the unutilised tax losses of the Group as at 31 December 2014 due to the disposal of Deluxe during the year ended 31 December 2014. Other losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

10. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2014 *HK$'000*	2013 *HK$'000* (restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Auditor's remuneration	**1,550**	1,450
Minimum lease payments under operating leases in respect of rented premises	**9,772**	6,606
Gains on financial assets at fair value through profit or loss:		
— investment held for trading	**628,005**	372,193
— financial assets designated at fair value through profit or loss	**(38)**	(1,182)
Legal and professional fee included in other expenses	**9,616**	1,009
Included in other gains and loss:		
Net exchange loss (gain)	**3,296**	(37,146)
Loss on disposal of property, plant and equipment	**50**	–
Impairment losses in respect of an available-for-sale investment	**5,000**	–
Provisions of financial guarantees	**8,629**	–

Realised gain of approximately HK$31,644,000 (2013: HK$207,053,000) on disposal of investments held for trading and net realised loss of approximately HK$895,000 (2013: nil) on disposal of financial assets designated at fair value through profit or loss is included in gains on financial assets at fair value through profit or loss.

11. DISCONTINUED OPERATION

On 7 October 2014, Enerchina Investments Limited, a wholly-owned subsidiary of the Company, signed an asset sale agreement with an independent third party and Enerchina Investments Limited agreed to sell entire equity interest in Deluxe at a consideration of HK$25,500,000 in cash. This disposal is completed on 3 December 2014. Deluxe and its subsidiary are principally engaged in operation of manufacture and sale of electrical and energy-related products. Upon the disposal of Deluxe, the directors of the Company considered that the operation of manufacture and sale of electrical and energy-related products is discontinued. Details of the disposal of Deluxe are disclosed in note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

11. DISCONTINUED OPERATION (Continued)

The results of and loss for the year from the discontinued operation for the year ended 31 December 2014 and 2013 are analysed as follows:

	2014 HK$'000	2013 HK$'000
Revenue	54,735	51,819
Other income	428	112
Impairment loss on property, plant and equipment	–	(20,419)
Changes in inventories of finished goods and work in progress	(6,062)	(7,830)
Raw materials and consumables used	(31,787)	(34,075)
Depreciation of property, plant and equipment	(5,208)	(5,652)
Release of prepaid lease payments	(459)	(499)
Employee benefit expenses	(12,895)	(15,070)
Administrative and other expenses	(3,805)	(4,220)
Finance costs	(5,010)	(3,070)
Loss before taxation	(10,063)	(38,904)
Taxation	–	–
Loss for the year	(10,063)	(38,904)
Gain on disposal of subsidiaries	5,445	–
Loss for the year from discontinued operation	(4,618)	(38,904)

Loss for the year from discontinued operation included the following:

	2014 HK$'000	2013 HK$'000
Write-down on inventories	–	(2,419)
Impairment loss in respect of property, plant and equipment	–	(20,419)
Interest income	213	112

During the year ended 31 December 2014, the operation of manufacture and sale of electrical and energy-related products generated HK$28,012,000 (2013: paid HK$1,507,000) in respect of the Group's net operating cash flows, paid HK$30,046,000 (2013: HK$335,000) in respect of investing activities and paid HK$2,127,000 (2013: received HK$6,304,000) in respect of financing activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the 7 (2013: 7) directors were as follows:

	Year ended 31 December 2014							
	Mr. Chen Wei *HK$'000*	**Mr. Lam Ping Cheung** *HK$'000*	**Mr. Sam Nickolas David Hing Cheong** *HK$'000*	**Mr. Tang Yui Man, Francis** *HK$'000*	**Dr. Xiang Bing** *HK$'000*	**Mr. Xiang Ya Bo** *HK$'000*	**Mr. Xin Luo Lin** *HK$'000*	**Total** *HK$'000*
Fees (Note a)	**–**	**250**	**–**	**–**	**250**	**–**	**250**	**750**
Other emoluments								
— salaries and other benefits (Note b)	**1,058**	**–**	**1,596**	**1,800**	**–**	**1,560**	**–**	**6,014**
— contributions to retirement benefit schemes	**40**	**–**	**34**	**17**	**–**	**103**	**–**	**194**
— performance and discretionary bonus (Note c)	**–**	**–**	**200**	**500**	**–**	**500**	**–**	**1,200**
Total emoluments	**1,098**	**250**	**1,830**	**2,317**	**250**	**2,163**	**250**	**8,158**

	Year ended 31 December 2013							
	Mr. Chen Wei *HK$'000*	Mr. Lam Ping Cheung *HK$'000*	Mr. Sam Nickolas David Hing Cheong *HK$'000*	Mr. Tang Yui Man, Francis *HK$'000*	Mr. Dr. Xiang Bing *HK$'000*	Mr. Xiang Ya Bo *HK$'000*	Mr. Xin Luo Lin *HK$'000*	Total *HK$'000*
Fees (Note a)	–	250	–	–	250	–	250	750
Other emoluments								
— salaries and other benefits (Note b)	246	–	1,396	1,786	–	1,560	–	4,988
— contributions to retirement benefit schemes	11	–	25	15	–	78	–	129
— performance and discretionary bonus (Note c)	–	–	200	500	–	–	–	700
Total emoluments	257	250	1,621	2,301	250	1,638	250	6,567

Notes:

a. The director's fee of independent non-executive directors is determined by the board of directors with recommendation from the remuneration committee of the Company with reference to their duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorised by the shareholders of the Company at the annual general meeting.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Company.

c. The performance and discretionary bonus are determined by the board of directors from time to time with reference to the directors' duties and responsibilities and the Company's performance and profitability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

Mr. Sam Nickolas David Hing Cheong is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

The five highest paid individuals of the Group included 4 (2013: 3) directors of the Company. Details of their emoluments are included above.

The emoluments of the remaining 1 (2013: 2) highest paid individual for the year are set out as follows:

	2014	2013
	HK$'000	*HK$'000*
Employees		
Salaries and other benefits	**1,150**	1,794
Contributions to retirement benefit scheme contributions	**17**	55
	1,167	1,849

Their emoluments are within the following band:

	2014	2013
	Number of employee	*Number of employee*
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	1
	1	2

During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during both years.

13. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

14. EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2014	2013
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	**511,276**	141,344

Number of shares

	2014	2013
Number of ordinary shares in issue during the year	**7,189,655,664**	7,189,655,664

No separate diluted earnings per share information has been presented as there were no potential ordinary shares outstanding for both years.

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings are calculated as follows:		
Profit for the year attributable to the owners of the Company	**511,276**	141,344
Add: loss for the year from discontinued operation	**4,618**	38,904
Earnings for the purposes of basic earnings per share from continuing operations	**515,894**	180,248

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operation

Basic loss per share from discontinued operation is HK0.07 cents per share (2013: HK0.54 cents per share), based on the loss for the year from discontinued operation of HK$4,618,000 (2013: HK$38,904,000) and the denominators detailed above for basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings in the PRC	Leasehold improvement	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2013	56,073	648	10,485	42,815	2,306	3,059	115,386
Currency realignment	1,791	–	68	1,008	20	104	2,991
Acquisition of subsidiaries	–	–	188	–	268	–	456
Additions	301	82	11,318	7	–	487	12,195
Transfers	–	–	–	3,207	–	(3,207)	–
Disposals	–	–	(1)	–	(1)	–	(2)
At 31 December 2013	58,165	730	22,058	47,037	2,593	443	131,026
Currency realignment	(368)	–	(23)	(301)	(7)	(2)	(701)
Additions	17	–	19,698	458	546	572	21,291
Transfers	474	–	–	42	–	(516)	–
Disposals	–	–	–	–	(315)	–	(315)
Disposal of subsidiaries	(58,288)	–	(3,764)	(47,236)	(1,145)	(497)	(110,930)
At 31 December 2014	–	730	37,969	–	1,672	–	40,371
DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	8,142	648	4,603	14,253	2,196	–	29,842
Currency realignment	472	–	30	631	19	–	1,152
Provided for the year	2,388	12	2,224	2,877	163	–	7,664
Impairment loss recognised	11,584	–	55	8,765	15	–	20,419
Eliminated on disposals	–	–	(1)	–	(1)	–	(2)
At 31 December 2013	22,586	660	6,911	26,526	2,392	–	59,075
Currency realignment	(142)	–	(15)	(173)	(7)	–	(337)
Provided for the year	2,422	17	7,827	2,531	134	–	12,931
Eliminated on disposals	–	–	–	–	(136)	–	(136)
Eliminated on disposal of subsidiaries	(24,866)	–	(2,970)	(28,884)	(711)	–	(57,431)
At 31 December 2014	–	677	11,753	–	1,672	–	14,102
CARRYING VALUES							
At 31 December 2014	–	53	26,216	–	–	–	26,269
At 31 December 2013	35,579	70	15,147	20,511	201	443	71,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the lease term of the land
Leasehold improvement	15% to 20%
Furniture, fixtures and equipment	18% to 20%
Plant and machinery	6% to 10%
Motor vehicles	20%

The buildings are held under medium term leases and are situated in the PRC.

During the year ended 31 December 2013, due to the Group's continuous losses of discontinued operation, the directors of the Company conducted an impairment assessment of the Group's leasehold land, furniture, fixtures and equipment and buildings in the PRC, as well as plant and machinery, which are used in the Group's operation of manufacture and sale of electrical and energy-related products in the PRC. The recoverable amounts of the relevant assets have been determined on the basis of their fair values less costs of disposal. The fair values of the relevant assets at the end of the reporting period were based on the valuation performed by an independent professional valuer. An impairment loss on property, plant and equipment of HK$20,419,000 is recognised because the recoverable amounts were lower than the carrying amounts of the relevant assets at 31 December 2013.

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2014	2013
	HK$'000	*HK$'000*
Leasehold land outside Hong Kong with medium-term leases:		
Non-current portion	**–**	17,532
Current portion	**–**	505
	–	18,037

17. AVAILABLE-FOR-SALE INVESTMENTS

	2014	2013
	HK$'000	*HK$'000*
Unlisted shares in overseas, at cost (Note)	**520,068**	505,000
Unlisted shares in the PRC, at cost (Note)	**29,151**	29,262
Unlisted investment fund, at fair value	**39,658**	–
Listed shares in Hong Kong, at fair value	**6,136**	–
	595,013	534,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

17. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Note:

Investments in unlisted securities issued by private entities are held for an identified long term strategic purpose. These available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

As at 31 December 2014, the Group owns approximately 9.07% (2013: 9.33%) of the issued share capital of HEC Capital Limited ("HEC Capital"), an unlisted private company incorporated in Cayman Islands, with a carrying amount of HK$500,000,000 (2013: HK$500,000,000). The principal activities of HEC Capital and its subsidiaries are principally engaged in property investment, investments in securities trading, private equities and funds, provision of securities brokerage services, money lending business in Hong Kong and investment in forest assets in PRC.

During the year ended 31 December 2013, the Group acquired 18.75% equity interest in Chi-Courser Investment Management Co Ltd. ("Chi-Courser"), an unlisted private company established in the PRC, at a cash consideration of approximately RMB23,000,000 (equivalent to HK$29,151,000). Chi-Courser is principally engaged in provision of asset management services in the PRC.

During the year ended 31 December 2014, the Group acquired certain interests in two unlisted equity instruments incorporated in overseas with aggregated consideration of HK$20,068,000. These unlisted equity instruments are carried at cost less impairment. Also, the Group acquired certain interest in an unlisted investment fund with consideration of HK$38,815,000 and listed shares in Hong Kong with consideration of HK$6,109,000. The investment fund and listed shares are carried at fair value.

For the available-for-sale investments at cost less impairment, the management reviews the latest available financial information about the investees' financial positions, observable data such as net asset value per share and consequently considers no objective evidence of impairment was identified at 31 December 2014 and 2013 for these investments, except as disclosed below.

During the year ended 31 December 2014, an impairment loss of HK$5,000,000 is recognised against the entire carrying amount of the unlisted investment in a private entity due to the insolvent financial position of that private entity. Other than this, the directors of the Company consider no further impairment should be recognised during the year ended 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

18. INTERESTS IN AN ASSOCIATE

	2014 HK$'000	2013 HK$'000
Cost of investment in an associate		
Unlisted shares	**53,620**	45,002
Share of post-acquisition losses and other comprehensive expense	**(5,142)**	(1,726)
	48,478	43,276

As at 31 December 2014 and 2013, the Group had interests in the following associate:

Name of entity	Form of business structure	Country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group % 2014	Proportion of nominal value of issued capital held by the Group % 2013	Proportion of voting power held % 2014	Proportion of voting power held % 2013	Principal activities
Gain All Investments Limited	Incorporated	BVI	BVI/ Hong Kong	Ordinary	**49**	34.61	**49**	34.61	Investment holding in a yacht.

The summarised financial information in respect of the Group's associate prepared in accordance with HKFRS is set out below:

	2014 HK$'000	2013 HK$'000
Non-current assets	**115,166**	129,261
Current assets	**1,934**	8
Current liabilities	**(9,259)**	(4,230)
Net assets	**107,841**	125,039
Group's share of net assets of associate	**48,478**	43,276
Revenue	**–**	–
Loss and total comprehensive expense for the year	**(9,769)**	(4,987)
Group's share of losses and total comprehensive expense of an associate for the year	**(3,416)**	(1,726)

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. INTANGIBLE ASSETS

The amount represented trading rights that confer eligibility on the Group to trade on the Stock Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.

20. OTHER DEPOSITS

	2014	2013
	HK$'000	HK$'000
Statutory and other deposits with exchanges and clearing houses	280	255

The above deposits are non-interest bearing.

21. INVENTORIES

	2014	2013
	HK$'000	HK$'000
Raw materials	–	2,941
Work in progress	–	17,257
Finished goods	–	4,738
	–	24,936

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	HK$'000
Trade and bills receivables arising from sales of electrical supplies	–	28,720
Trade receivables arising from the business of advisory for corporate finance and investment management	370	400
Trade receivables arising from secured margin clients	110,428	220,439
Trade receivables arising from the provision of securities brokerage business with Hong Kong Securities Clearing Company Limited ("HKSCC")	1,885	–
Deposits with securities brokers	33,790	32,590
Loans to independent third parties (note (a))	465,665	289,117
Amount due from Deluxe (note (b))	20,000	–
Other receivables, deposits and prepayments	19,799	13,638
	651,937	584,904

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22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

(a) The fixed-rate loans receivables as at 31 December 2014 represent loan advances to independent third parties of HK$81,840,000 (2013: nil) which are secured by the pledge of certain collaterals and personal guarantees, and have contractual loan period between 3 months and 1 year as at 31 December 2014 and 2013 under the Group's money lending operation. The average interest rate for the loans receivable was ranging from 7% to 36% (2013: 5% to 15%) per annum.

The amount granted to individuals depends on management's assessment of credit risk on the customers by evaluation on background check (such as their profession, their earnings or salaries and current working position) and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgement, including assessment of change of credit quality and the past collection history of each customer. There are no loans receivables which were past due at the end of reporting period and the directors of the Company consider that no impairment was necessary. There is no concentration of credit risk on loans receivable as the exposure spread over a number of customers.

(b) The amount is unsecured and interest-free. 50% of the amount will be repaid six months after the completion of disposal of Deluxe and remaining amount will be repaid 1 year after the completion of disposal of Deluxe according to the sale and purchase agreement.

The Group allows an average credit period of 90 days to its trade customers from sales of electrical supplies. The following is an aged analysis of trade and bills receivables from sales of electrical supplies, presented based on the invoice date (which approximate the date of revenue recognition) as of 31 December 2013:

	2013
	HK$'000
Within 90 days	19,578
91–180 days	9,142
	28,720

Included in the Group's trade debtors from sales of electrical supplies were debtors with aggregate carrying amount of HK$9,142,000 which were past due as at 31 December 2013 for which the Group had not provided for impairment loss. The directors of the Company determined that these receivables were either due from customers of good credit quality with no history of default. The Group did not hold any collateral over these balances.

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22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The aged analysis of trade debtors from sales of electrical supplies which were past due but not impaired as of 31 December 2013 is as follows:

	2013
	HK$'000
91–180 days	9,142

Trade receivables arising from secured margin clients are repayable on demand and bear interest ranging from 8% to 24% (2013: 8% to 24%) per annum for year ended 31 December 2014. The loans are secured by pledged marketable securities with a total fair value of approximately HK$964,784,000 (2013: HK$1,204,085,000). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customers default on the payment as requested by the Group. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value. Entire amount of trade receivables arising from secured margin clients are neither past due nor impaired as at 31 December 2014 and 2013.

The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the directors of the Company, there is no provision required.

23. ENTRUSTED LOANS RECEIVABLE

The balance represents entrusted loans receivable from numerous individuals who are independent third parties through a financial institution as entrustment agent amounting to approximately RMB22,335,000 (equivalent to HK$28,308,000) (2013: nil) as at 31 December 2014. The entrusted loans receivable are unsecured and repayable throughout the period of the entrusted loan arrangement until September 2015. The interest rate is fixed at 9.24% per annum, deducting the management fee of 0.5% per annum by the financial institution, insurance charges and other related fee.

The independent third party individuals are credit card customers of the bank acting as entrustment agent and the aggregate amount of loan granted to them is limited to the unutilised credit card limit of the respective individuals granted by the bank. As at 31 December 2014, no entrusted loans receivable is past due or impaired. Management of the Group assessed the impairment on this amount based on any past due receivable.

All the Group's entrusted loans receivable is denominated in RMB, which is the functional currency of the respective group companies.

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24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK$'000	2013 HK$'000
Investments held for trading		
Listed shares in Hong Kong	1,818,351	942,530
Listed shares in elsewhere	16,084	558
Unlisted investment funds	127,040	–
Financial assets designated at fair value through profit or loss:		
Listed bonds in overseas issued by listed companies (note i)	63,645	–
Listed bonds in Hong Kong issued by a listed company (note i)	12,264	–
Convertible bonds (note ii)	–	20,874
	2,037,384	963,962

Notes:

(i) The investments in listed bonds issued by listed companies are designated as at fair value through profit or loss because these bonds are managed and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy and information provided to executive directors of the Group is on a fair value basis. These bonds bear interest from 5.35% to 13% per annum and mature from year 2015 to year 2019.

(ii) The Group invested in unlisted convertible bonds with principal amount of HK$10,000,000 on 3 December 2012 issued by a company listed on the Main Board of the Stock Exchange. The convertible bonds bear zero interest and are due for redemption on 30 November 2013. On 25 March 2013, the issuer passed an ordinary resolution on variation of the terms and conditions of the convertible bonds. Before the variation of terms and conditions, the Group has the right to convert the whole or part of the principal amount of the convertible bonds into shares at any time and from time to time up to 30 November 2013. After the variation of terms and condition, the maturity date of the convertible bond changed from 30 November 2013 to 30 November 2016. Also, the conversion price is changed from HK$0.125 per conversion share to HK$0.33 per conversion share. Moreover, the issuer has changed the terms and condition of half of the amount of convertible bonds (i.e. HK$5,000,000) which become a loan bearing fixed interest rate of 2.5% per annum but no conversion rights attached to it. Upon the changes in terms and conditions, convertible bonds with principal amount of HK$5,000,000 and at fair value of HK$2,834,000 at the date of modification is reclassified to loans and receivables. The loan portion was subsequently disposed of to an independent third party for cash of HK$5,750,000 during the year ended 31 December 2013.

During the year ended 31 December 2013, the Group purchase another convertible bonds issued by a company listed on the Main Board of the Stock Exchange at a consideration of HK$10,000,000. Fair value change of HK$8,546,000 was recognised to profit or loss for the year ended 31 December 2013. The convertible bonds were disposed during the year ended 31 December 2014.

The fair value of the convertible bonds as at 31 December 2013 is estimated by an independent professional valuer using valuation techniques based on the discounted cash flow analysis using discount rate from observable current market transaction as inputs on debt portion and Binomial Option Pricing Model is used for valuation of conversion option of convertible bonds. The inputs into the model were disclosed in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. PLEDGED BANK DEPOSITS/BANK BALANCES (GENERAL ACCOUNTS) AND CASH/BANK BALANCES — TRUST AND SEGREGATED ACCOUNTS

Pledged bank deposits

The Group's deposits amounting to HK$789,000 had been pledged to secure bank loans due within one year is therefore classified as current assets as at 31 December 2013. The deposits carry interest at prevailing market rate at 3.05% per annum.

Bank balances — trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions (note 26). However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Bank balances (general accounts) and cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates with an original maturity of three months or less.

Bank balances carry interest at prevailing market rate ranging from 0.01% to 3.30% (2013: 0.01% to 2.85%) per annum.

26. TRADE AND OTHER PAYABLES

	2014 ***HK$'000***	2013 *HK$'000*
Trade payables arising from sales of electrical supplies	**–**	13,433
Trade payables arising from the provision of securities brokerage business with HKSCC	**–**	333
Trade payables to cash clients	**30,391**	5,207
Provision of financial guarantee (Note 40)	**8,629**	–
Other payables and accrued charges	**11,965**	57,860
	50,985	76,833

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26. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables arising from sales of electrical supplies presented based on the invoice date at 31 December 2013:

	2013 *HK$'000*
Within 90 days	6,747
91–180 days	1,416
181–360 days	3,203
Over 360 days	2,067
	13,433

The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.

Trade payables to cash clients are repayable on demand. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value.

27. BORROWINGS

	2014 ***HK$'000***	2013 *HK$'000*
Bank borrowings — secured and due within one year	**–**	45,802
Other borrowings — unsecured and due within one year	**–**	20,000
	–	65,802

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27. BORROWINGS (Continued)

The bank and other borrowings mainly comprise of:

	Maturity date	Effective interest rate	Carrying amount 2014 HK$'000	2013 HK$'000
Floating rate bank borrowings:				
Secured RMB bank loans at 6-month PRC bank interest rate plus certain spread	Nil (2013: 27 November 2014)	Nil (2013: 7.5%)	–	38,168
	Nil (2013: 16 January 2014)	Nil (2013: 7.2%)	–	7,634
Fixed rate other borrowings:				
Unsecured HK$ other borrowings, fixed rate at 5% per annum	Nil (2013: 12 March 2014)	Nil (2013: 5%)	–	20,000
Total borrowings			–	65,802

At 31 December 2013, property, plant and equipment with an aggregate carrying amount of HK$23,505,000, prepaid lease payments of HK$18,037,000 and bank deposits of HK$789,000, were pledged to banks to secure bank loans granted to the Group.

28. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 31 December 2014	12,000,000,000	120,000
Issued and fully paid:		
At 1 January 2013, 31 December 2013 and 31 December 2014	7,189,655,664	71,897

There was no movement in the Company's share capital for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. DEFERRED TAXATION

The following are the deferred tax liability recognised and the movements thereon during the current year:

	Unrealised gain on financial assets at fair value through profit or loss
	HK$'000
At 1 January 2013 and 31 December 2013	–
Charge to profit or loss for the year (note 9)	130,091
At 31 December 2014	130,091

30. SHARE OPTION SCHEMES

The Company has a share option scheme (the "2002 Scheme") which will remain in force for a period of ten years. The Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

A nominal consideration of HK$1 is payable on the grant of an option. The exercise price is the highest of the closing price of the shares of the Company as stated on the Stock Exchange on the date of grant, the average of the closing prices of the share of the Company as stated on the Stock Exchange for the five business days immediately preceding the date of grant and the nominal value of the share of the Company.

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30. SHARE OPTION SCHEMES (Continued)

The following tables disclose details of the Company's share options held by employees (including directors) and movements in such holdings during the year ended 31 December 2014 and 2013:

	Number of the share options			
Option scheme	**Outstanding at 1.1.2013**	**Lapsed during the year**	**Outstanding at 31.12.2013**	**Exercisable at the end of the year**
2002 Scheme	188,581,961	(16,171,672)	172,410,289	172,410,289
Weighted average exercise price	HK$0.32	HK$0.32	HK$0.32	HK$0.32

	Number of the share options			
Option scheme	**Outstanding at 1.1.2014**	**Lapsed during the year**	**Outstanding at 31.12.2014**	**Exercisable at the end of the year**
2002 Scheme	172,410,289	(70,429,289)	101,981,000	101,981,000
Weighted average exercise price	HK$0.32	HK$0.32	HK$0.32	HK$0.32

Had all the outstanding vested share options been fully exercised on 31 December 2014, the Company would have received cash proceeds of HK$32,634,000 (2013: HK$55,171,000).

Details of specific categories of options are as follows:

Option scheme	**Date of grant**	**Vesting proportion**	**Exercisable period**	**Adjusted exercise price** *HK$*
2002 Scheme	9.6.2004	64%	9.6.2004—8.6.2014	0.315
	9.6.2004	14%	9.6.2005—8.6.2014	0.315
	9.6.2004	11%	9.6.2006—8.6.2014	0.315
	9.6.2004	11%	9.12.2006—8.6.2014	0.315
	13.11.2007	100%	1.1.2010—12.11.2017	0.322
	13.11.2007	100%	1.1.2011—12.11.2017	0.322
	13.11.2007	90%*	1.1.2010—12.11.2017	0.322
	13.11.2007	90%*	1.1.2011—12.11.2017	0.322

* The management considers that 90% of the share options will be exercised by the options holders.

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31. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which mainly includes the bank borrowings disclosed in note 27 (net of cash and cash equivalents) and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 ***HK$'000***	2013 *HK$'000*
Financial assets		
FVTPL		
Held for trading	**1,961,475**	963,962
Designated at FVTPL	**75,909**	–
Loans and receivables (including cash and cash equivalents)	**1,823,747**	2,304,241
Available-for-sale investments	**595,013**	534,262
Financial liabilities		
Amortised cost	**50,985**	142,635

Financial risk management objectives and policies

The Group's major financial instruments include other deposits, financial assets at fair value through profit or loss, trade and other receivables, available-for-sale investments, entrusted loans receivable, pledged bank deposits, bank balances — trust and segregated accounts, bank balances (general accounts) and cash, trade and other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

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32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Foreign currency risk

Certain other receivables and bank balances are denominated in foreign currencies which expose the Group to foreign currency risk.

At the end of the reporting period, included in the below monetary assets are following amount denominated in currency other than the functional currency of the relevant entity to which it relates.

	Assets	
	2014	2013
	HK$'000	*HK$'000*
United States Dollar ("USD")	**13,378**	3,913

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 5% (2013: 5%) in the relevant functional currencies against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates.

The sensitivity analysis includes trade and other receivables and bank balances where the denomination of the balances is in a currency other than the currency of the respective group entities. A positive number below indicates an increase in profit for the year where the respective functional currencies weaken 5% (2013: 5%) against the relevant foreign currencies. For a 5% (2013: 5%) strengthening of the respective functional currencies against the relevant foreign currencies, there would be an equal but opposite impact on the profit for the year, and the balances below would be negative.

	2014	2013
	HK$'000	*HK$'000*
Increase in profit for the year		
USD	**669**	195

In management's opinion, the sensitively analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowings (see note 27), fixed-rate loans to independent third parties (see note 22) and cash flow interest rate risk in relation to variable-rate bank borrowings (see note 27) and variable-rate bank balances and deposits. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of 6-month PRC bank interest arising from the Group's RMB borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For variable-rate bank borrowings and bank deposits, the analysis is prepared assuming the amount of liability and bank deposits outstanding at the end of the reporting period was outstanding for the whole year. A 30 basis point (2013: 30 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 30 basis points (2013: 30 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2014 would increase/decrease by HK$3,472,000 (2013: HK$5,048,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and bank balances.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities, listed bonds and convertible bonds as well as investments in unlisted equity investment and unlisted investment fund whereby the fair value cannot be measured reliably and thus stated at cost less impairment. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. The Group's other price risk is mainly concentrated on the fluctuation of market price of equity securities listed in Hong Kong and overseas. Other than this, the Group does not have any concentration on price risk in listed shares or unlisted investment funds.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date from financial assets at fair value through profit or loss (including investments in listed equity securities, unlisted investment fund, listed bonds and convertible bonds) and available-for-sale investments.

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32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk (continued)

Sensitivity analysis (Continued)

If the prices of the respective equity instruments, unlisted investment fund, listed bonds and convertible bonds had been 15% (2013: 15%) higher/lower, profit for the year ended 31 December 2014 would increase/decrease by HK$255,183,000 (2013: HK$120,736,000) as a result of the changes in fair value of financial assets at fair value through profit or loss and investment revaluation reserve for the year ended 31 December 2014 would increase/decrease by HK$6,869,000 (2013: nil) as a result of the changes in listed equity securities and unlisted investment funds classified as available-for-sale investments carried at fair value.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk on entrusted loans receivable, the management of the Group set up criteria to the financial institution (such as the customers with no history of default payment). The customers of the financial institution should meet these criteria before they are granted such loan. Also, management of the Group purchased insurance so as to secure the entire principal amount of entrusted loans receivable. In this regard, the directors of the Company consider the credit risk on entrusted loans receivable is significantly reduced. There are no concentration risk on entrusted loans receivable as the receivables consist of a large number of customers.

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the management of the Group is responsible to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, management of the Group reviews the recoverable amount of loans receivable and trade receivables from provision of financial, consultancy and corporate finance advisory services and secured margin clients as disclosed in note 22 on an individual and collective basis at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on financial assets designated at fair value through profit or loss (i.e. listed bonds) during the year ended 31 December 2014 was limited because the counterparties were companies listed in the stock exchange in Hong Kong and Singapore. The directors consider the default in payment upon maturity to be low. In addition, management of the Group reviewed the public announcements and financial information of these listed companies in order to assess their credit quality. In this regard, the directors of the Company considered that the Group's credit risk was significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

Other than the amount due from Deluxe, there are no concentration risk the trade and other receivables.

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32. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity and interest risk tables

	Weighted average effective interest rate	**On demand or less than 1 month**	**1–3 months**	**3 months to 1 year**	**Total undiscounted cash flows**	**Carrying amount at 31.12.2014**
	%	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2014						
Non-derivative financial liabilities						
Amounts due to cash clients	**–**	**30,391**	**–**	**–**	**30,391**	**30,391**
Other payables and accrued charges	**–**	**20,594**	**–**	**–**	**20,594**	**20,594**
		50,985	**–**	**–**	**50,985**	**50,985**

	Weighted average effective interest rate	On demand or less than 1 month	1–3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2013
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2013						
Non-derivative financial liabilities						
Trade payables arising from sales of electrical supplies	–	3,259	2,700	7,474	13,433	13,433
Trade payables arising from provision of securities business	–	333	–	–	333	333
Amounts due to cash clients	–	5,207	–	–	5,207	5,207
Other payables and accrued charges	–	57,860	–	–	57,860	57,860
Bank borrowings — variable rate	7.5	6,619	477	40,076	47,172	45,802
Other borrowings — fixed rate	5	83	20,083	–	20,166	20,000
		73,361	23,260	47,550	144,171	142,635

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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32. FINANCIAL INSTRUMENTS (Continued)
Fair value measurements of financial instruments
This note provides information about how the Group determines fair values of financial assets.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis
The Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key input
		2014	2013		
(1)	Investment in unlisted convertible bonds classified as financial assets at fair value through profit or loss	**Nil**	Assets — HK$20,874,000	Level 3	Discounted cash flow and Binominal Option Pricing Model Future cash flows are estimated based on convertible bond agreement and discounted at a rate based on prevailing market interest rate Binominal Option Pricing Model's key input: Volatility of 69.19% Risk-free rate of 0.63% Spot price of underlying shares of HK$0.115 Life of option of 3 years
(2)	Investments in listed equity securities classified as financial assets at fair value through profit or loss	**Listed equity securities in: — Hong Kong HK$1,818,351,000 — Overseas HK$16,084,000**	Listed equity securities in: — Hong Kong HK$942,530,000 — Overseas HK$558,000	Level 1	Quoted bid prices in an active market
(3)	Investments in listed bonds issued by listed companies classified as financial assets designated at fair value through profit or loss	**Listed bonds in — Hong Kong HK$12,264,000 — Overseas HK$63,645,000**	–	Level 2	Recent transaction prices or derived from quoted prices from inactive market
(4)	Investments in unlisted investment funds classified as financial assets at fair value through profit or loss	**HK$127,040,000**	–	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
(5)	Investments in unlisted funds classified as available-for-sale investments	**HK$39,658,000**	–	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
(6)	Investments in listed equity securities classified as available-for-sale investments	**Listed equity securities in Hong Kong — HK$6,136,000**	–	Level 1	Quoted from quoted price in an active market

There were no transfers between Level 1 and 2 during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

32. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

Reconciliation of Level 3 fair value measurements of convertible bonds:

	HK$'000
At 1 January 2013	11,500
Purchase	10,000
Transfer to loans and receivable upon change in terms by the counterparty	(2,834)
Fair value change recognised profit or loss	2,208
At 31 December 2013 and 1 January 2014	20,874
Disposal	(18,571)
Fair value change recognised profit or loss	(2,303)
At 31 December 2014	–

The "gains on financial assets at fair value through profit or loss" line item recognised in profit or loss for the year ended 31 December 2014 included the loss of HK$2,303,000 (2013: gain of HK$2,208,000) relating to fair value changes on investment in convertible instruments classified as financial assets at fair value through profit or loss. The remaining balance of HK$2,916,000 related to the loss incurred upon the modification of the terms and conditions of convertible instruments with the principal amount of HK$5,000,000 during the year ended 31 December 2013 as disclosed in note 24(ii).

Valuation process

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The chief financial officer works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Chief financial officer reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

33. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the continuous net settlement arrangement, money obligations receivable and payable with HKSCC due to or from the Group entity on the same settlement date are settled on a net basis. The Group has legally enforceable right to set off the amounts of receivables and payables with cash clients and margin clients that are due to be settled on the same date.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014						
Other deposits with HKSCC	**280**	**–**	**280**	**–**	**–**	**280**
Trade receivable with margin clients	**138,978**	**(28,550)**	**110,428**	**–**	**(110,428)**	**–**
Trade receivable with cash clients	**36**	**(36)**	**–**	**–**	**–**	**–**
Trade receivable arising from the provision of securities business with HKSCC	**1,956**	**(71)**	**1,885**	**–**	**–**	**1,885**
Deposits with securities brokers	**33,790**	**–**	**33,790**	**–**	**–**	**33,790**
As at 31 December 2013						
Other deposits with HKSCC	255	–	255	(255)	–	–
Trade receivable with margin clients	233,702	(13,263)	220,439	–	(220,439)	–
Trade receivable with cash clients	80	(80)	–	–	–	–
Trade receivable arising from the provision of securities business with HKSCC	446	(466)	–	–	–	–
Deposits with securities brokers	32,590	–	32,590	–	–	32,590

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FOR THE YEAR ENDED 31 DECEMBER 2014

33. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS (Continued)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral received	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014						
Trade payables to cash clients	**(30,427)**	**36**	**(30,391)**	**–**	**–**	**(30,391)**
Trade payables arising from the provision of securities business with HKSCC	**(71)**	**71**	**–**	**–**	**–**	**–**
Trade payables with margin clients	**(28,550)**	**28,550**	**–**	**–**	**–**	**–**
As at 31 December 2013						
Trade payables to cash clients	(5,207)	80	(5,127)	–	–	(5,127)
Trade payables arising from the provision of securities business with HKSCC	(799)	466	(333)	255	–	(78)
Trade payables with margin clients	(13,263)	13,263	–	–	–	–

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

34. DISPOSAL OF SUBSIDIARIES

As described in note 11, Enerchina Investments Limited, a wholly owned subsidiary of the Company, disposed the entire equity interest in Deluxe at a consideration of HK$25,500,000 in cash to an independent third party. The net assets of Deluxe and its subsidiary at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	53,499
Prepaid lease payments	17,462
Inventories	18,886
Tax recoverable	111
Trade and other receivables, deposits and prepayments	31,748
Pledged bank deposits	29,305
Bank balances (general accounts) and cash	2,706
Trade and other payables	(69,414)
Amount due to the Group	(20,000)
Borrowings	(44,248)
	20,055
Gain on disposal of subsidiaries:	
Cash consideration	25,500
Net assets disposed of	(20,055)
Gain on disposal of subsidiaries	5,445
Net cash inflow arising on disposal:	
Cash consideration	25,500
Less: bank balances and cash disposed of	(2,706)
	22,794

The impact of Deluxe on the Group's results and cash flows for the year ended 31 December 2014 are disclosed in note 11.

35. ACQUISITION OF SUBSIDIARIES

On 4 December 2012, the Group entered into a sale and purchase agreement with an independent third party to acquire entire equity interest in Enerchine Capital Limited ("Enerchine") at a consideration of HK$62,000,000 ("Acquisition") which was satisfied by cash. The Acquisition is completed on 18 March 2013. Enerchine is an investment holding company and its subsidiaries are principally engaged in the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services in Hong Kong. Management considered that the Acquisition would enable the Group to further strengthen its focus on the financial services sector through direct investment in and hands-on management and operations of Enerchine.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

35. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition-related costs amounting to approximately HK$1,313,000 have been excluded from the consideration transferred and have been recognised as an expense in the prior period, within the other expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of Acquisition:

	HK$'000
Property, plant and equipment	456
Intangible assets	3,908
Other deposits	280
Trade and other receivables, deposits and prepayments (Note)	24,995
Bank balances — trust and segregated accounts	18,741
Bank balances (general accounts) and cash	35,375
Trade and other payables	(21,677)
Tax payables	(78)
Net assets acquired	62,000

Note: The fair value of trade and other receivables at the date of acquisition amounted to HK$22,965,000, which is the same as the gross contractual amounts of trade receivables at the date of Acquisition.

Cash outflow arising on acquisition:

	HK$'000
Cash consideration paid	(62,000)
Amount paid in previous period (note)	10,000
Less: Bank balances (general accounts) and cash acquired	35,375
	(16,625)

Note: A deposit of HK$10,000,000 is paid by the Group as at 31 December 2012.

Revenue for year includes HK$43,086,000 attributable to Enerchine. Included in the profit for the year ended 31 December 2013 is HK$157,433,000 attributable to Enerchine.

Had the acquisition been effected at the beginning of the year, the total amount of revenue of the Group for the year ended 31 December 2013 would have been HK$121,589,000 and the amount of the profit for the year ended 31 December 2013 would have been HK$138,095,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of the results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

36. OPERATING LEASE ARRANGEMENT

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**10,288**	6,031
In the second to fifth year inclusive	**5,630**	5,873
	15,918	11,904

Leases are negotiated for terms up to 3 years (2013: 3 years) and rentals are fixed over the respective leases.

37. CAPITAL COMMITMENTS

	2014	2013
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
— acquisition of property, plant and equipment	**–**	4,361
— acquisition of an entity incorporated in the BVI	**60,372**	–

In December 2014, Enerchine Group Limited, the wholly-owned subsidiary of the Company, signed a sale and purchase agreement with an independent third party to acquire the entire issued equity of a private entity incorporated in the BVI ("Target Company") at a consideration of Euro7.1 million in cash. As at 31 December 2014, the Group paid Euro0.71 million (equivalent to HK$6,708,000). The remaining consideration will be paid in February 2015 and March 2015.

38. RETIREMENT BENEFIT SCHEMES

In December 2000, the Group enrolled all non-PRC employees in a Mandatory Provident Fund ("MPF") Scheme. The assets of the MPF Scheme are held separately from those of the Group under the control of trustees. The retirement benefit cost for the MPF charged to the consolidated statement of profit or loss and other comprehensive income represents contributions paid and payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their ending basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 13 to 15 per cent (2013: 13 to 15 per cent) of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

During the year ended 31 December 2014, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income are HK$2,272,000 (2013: HK$2,122,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

39. RELATED PARTY TRANSACTIONS

The Group does not have any related party transactions and balances for both years.

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 12.

40. CONTINGENT LIABILITIES AND PROVISION

As at 31 December 2014, a financial guarantee of HK$11,500,000 (2013: HK$20,000,000) has been provided by the Group to a bank in respect of a banking facility granted to an investee incorporated in Hong Kong held by the Group. At the end of the reporting period, HK$9,267,000 (2013: HK$11,208,000) of the bank facility has been utilised. In addition, pursuant to a deed of undertaking for the banking facility among shareholders of the investee, 3 other shareholders of the investee agreed to bear the amount demanded in the event of the claim by the bank. As a result, the fair value of the financial guarantees is insignificant and no provision has been made as at 31 December 2013. In the opinion of the directors, as at 31 December 2013, the banking facility is secured by assets owned by the investee, which market value can substantially cover the utilised bank facility amount.

During the year ended 31 December 2014, the investee decided to liquidate voluntarily because of the insolvent financial position as well as recurring loss on its business. Thus, the directors of the Company considered that it is probable that an outflow of resources will be required from the Group to settle the obligations arising from the Group's financial guarantees. In view of this, a provision of HK$8,629,000 has been recognised as at 31 December 2014 and is included in other payables. The amount provided is based on the directors' best estimate of the amount required to settle to obligation. The related cost of investment has been fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Ace Energy Holdings Limited	BVI — Limited liability company	US$1	100	–	Investment holding
Enerchina Investments Limited	BVI — Limited liability company	US$1	100	–	Investment holding
Enerchina Oil and Petrochemical Company Limited	BVI — Limited liability company	US$1	100	–	Procurement of fuel oil
Enerchina Resources Limited	Hong Kong — Limited liability company	HK$2	100	–	Provision of management services
Enerchine Capital Limited	BVI — Limited liability company	US$249,659,464 (2013: US$131,311,460)	100	–	Investment holding
Enerchine Corporate Finance Limited	Hong Kong — Limited liability company	HK$10,000,000	–	100	Corporate finance advisory services
Enerchine Investment Management Limited	Hong Kong — Limited liability company	HK$1,000,000	–	100	Consultancy services and investment management
Enerchine Resources Limited	Hong Kong — Limited liability company	HK$150,000,001	–	100	Money lending
Enerchine Nominee Limited	Hong Kong — Limited liability company	HK$1	–	100	Provision of nominee services
Enerchine Securities Limited	Hong Kong — Limited liability company	HK$589,000,000	–	100	Securities brokerage and financial services
Goodunited Holdings Limited	BVI — Limited liability company	US$1	–	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Ideal Principles Limited	BVI — Limited liability company	US$1	–	100	Investment holding
Kenson Investment Limited	BVI — Limited liability company	US$1	100	–	Investment holding
Kenson Investment Limited	Republic of the Marshall Islands	US$1	–	100	Investment holding
Million Profits Investments Limited	BVI — Limited liability company	US$1	–	100	Investment holding
Moreluck Enterprises Limited	BVI — Limited liability company	US$1	100	–	Investment holding
Rado International Limited	BVI — Limited liability company	US$1	100	–	Investment holding
Roxy Link Limited	BVI — Limited liability company	US$1	–	100	Investment holding
Sinolink Electric Power Company Limited 百仕達電力有限公司	Hong Kong — Limited liability company	HK$2 ordinary shares and HK$100,000 non-voting deferred shares	–	100	Investment holding
Sinolink Industrial Limited	BVI — Limited liability company	US$50,000	100	–	Investment holding
Supreme All Investments Limited	BVI — Limited liability company	US$1	100	–	Investment holding
威華達信息管理(深圳)有限公司	PRC — Limited liability company	RMB10,000,000	100	–	Investment holding
深圳威華軒信息諮詢有限公司 (“威華軒”)	PRC — Limited liability company	RMB24,000,000	–	75	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

A majority of these subsidiaries operate in the Financial services, Securities trading and investments and Money lending in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	**Principal place of business**	**Number of subsidiaries**	
		2014	2013 (re-presented)
Financial services	Hong Kong	**3**	3
Securities trading and investments	Hong Kong	**5**	4
Money lending	Hong Kong	**1**	1
		9	8

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non-controlling interests:

Name of subsidiaries	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
威華軒	Hong Kong/PRC	**25%**	25%	**–**	–	**7,634**	7,634

Summarised financial information for the years ended 31 December 2014 and 2013 in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2014	2013
	HK$'000	*HK$'000*
Current assets and total equity	**30,534**	30,534
Total comprehensive income for the year	**–**	–
Net cash inflow from financing activities and net cash inflow	**–**	30,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014	2013
	HK$'000	*HK$'000*
Assets		
Investments in subsidiaries	**3,795,213**	2,866,417
Amounts due from subsidiaries	**363,529**	837,739
Other receivables, deposits and prepayments	**2,491**	2,355
Bank balances and cash	**73,547**	767,843
	4,234,780	4,474,354
Liabilities		
Other payables and accrued charges	**1,719**	1,534
Amounts due to subsidiaries	**1,739,590**	1,984,131
	1,741,309	1,985,665
Total assets less total liabilities	**2,493,471**	2,488,689
Capital and reserves		
Share capital	**71,896**	71,896
Reserves (Note)	**2,421,575**	2,416,793
Total equity	**2,493,471**	2,488,689

Notes:

(i) Reserves

	Share premium	Contributed surplus	Share options reserve	Other reserves	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	3,041,421	44,396	7,547	(379,991)	2,713,373
Loss for the year	–	–	–	(296,580)	(296,580)
At 31 December 2013	3,041,421	44,396	7,547	(676,571)	2,416,793
Profit for the year	–	–	–	4,782	4,782
At 31 December 2014	3,041,421	44,396	7,547	(671,789)	2,421,575

FINANCIAL SUMMARY

	For the year ended 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	401,738	110,316	40,360	414,097	**683,326**
(Loss) profit before taxation	(683,193)	647,397	158,577	144,398	**652,750**
Taxation	–	–	–	(3,054)	**(141,474)**
(Loss) profit for the year	(683,193)	647,397	158,577	141,344	**511,276**
Attributable to:					
Owners of the Company	(683,181)	647,397	158,577	141,344	**511,276**
Non-controlling interests	(12)	–	–	–	**–**
(Loss) profit for the year	(683,193)	647,397	158,577	141,344	**511,276**

	As at 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	4,144,951	3,771,726	3,880,887	3,995,841	**4,558,135**
Total liabilities	(1,281,557)	(230,789)	(181,466)	(145,274)	**(195,749)**
	2,863,394	3,540,937	3,699,421	3,850,567	**4,362,386**
Equity attributable to owners of the Company	2,863,394	3,540,937	3,699,421	3,842,933	**4,354,752**
Non-controlling interests	–	–	–	7,634	**7,634**
	2,863,394	3,540,937	3,699,421	3,850,567	**4,362,386**