CHINA ASSETS (HOLDINGS) LIMITED

(Stock Code: 170)

ANNUAL REPORT

2015

Contents

Corporate Information

Board of Directors

Executive Directors
Mr. Lo Yuen Yat *(Chairman)*
Mr. Cheng Sai Wai

Non-executive Directors
Mr. Yeung Wai Kin
Mr. Zhao Yu Qiao
Ms. Lao Yuan Yuan

Independent Non-executive Directors
Mr. Fan Jia Yan
Mr. Wu Ming Yu
Dr. David William Maguire

Company Secretary

Mr. Cheng Sai Wai

Audit Committee

Mr. Fan Jia Yan
Mr. Wu Ming Yu
Mr. Yeung Wai Kin

Remuneration Committee

Mr. Fan Jia Yan
Mr. Lo Yuen Yat
Dr. David William Maguire

Nomination Committee

Mr. Lo Yuen Yat
Mr. Fan Jia Yan
Mr. Wu Ming Yu

Solicitor

David Norman & Co.
Jennifer Cheung & Co.
ReedSmith Richards Butler

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

Bankers

China CITIC Bank International Limited
Shanghai Pudong Development Bank Co. Ltd.
Agricultural Bank of China

Custodian

Citibank, N.A., Hong Kong Branch

Registrar

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

Registered Office

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong
Telephone: (852) 2521 9888
Facsimile: (852) 2526 8781
E-mail address: info@chinaassets.com
Website: www.chinaassets.com

Stock Code

170

Chairman's Statement

I am pleased to present the annual report of China Assets (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2015. The Group's consolidated net profit for the year was US$11.12 million and consolidated net asset value as at 31 December 2015 was US$224.83 million, representing US$2.93 per share.

Business Review

China was one of the best-performing stock markets in the world in 2015, yet it was a dismal year for Chinese markets. Chinese stocks suffered an unprecedented summer crash that at one point wiped out 43%, or U.S $5 trillion, of their value. This was followed by an abrupt 2% currency devaluation in August that sent shock waves through global markets. China had hoped to use a booming stock market to stimulate consumption and alleviate mounting debt pressures on the two most indebted sectors of the Chinese economy, regional governments and state-owned enterprises. It hoped that both could benefit from the stock market as a fresh channel to raise cash. As a result of the crash of the margin lending-fueled market bubble, the vision faded away and led to a backtrack on financial liberalization that included bold reforms such as a modern stock-listing system, capital account opening and renminbi convertibility. The episodes demonstrate the stress China is experiencing as it tries to shift its economy from one fed by debt and heavy industry into one driven by consumption.

China's economic growth rate slowed to a 25-year low of 6.9% in 2015. The primary driver of slower growth in China was lower rates of capital investment throughout the country, combined with severe overcapacity in a broad range of upstream industrial sectors. Real estate investment, in particular, grew at a measly 1.0 percent, compared to average growth rates of 21.6% over the past decade. Even in slowdown, China continued to grow at a pace that other major economies envy. Yet the slowdown was felt most acutely in the markets of China's regional trading partners, where slackening demand from the world's second-largest economy had put a chill on exports of commodities and merchandise, dimmed the corporate outlook and sent currencies into a tailspin.

Despite all the above, however, the China stock market doesn't look so bad when measured across the whole year: the Shanghai Composite Index was up 9.4% in 2015; the Shenzhen Small and Medium Enterprise Board was up more than 53%. But the middle of the year was a mess.

U.S. stocks had their worst annual performance since 2008, closing out a rocky 2015 in which the Dow Jones Industrial Average lost 2.2%, while the broader S&P 500 fell 0.7%. The S&P's loss ended three years of double-digit gains for the index, but was far from the nearly 40% dive it took in 2008, a year of financial crisis. In December, the Federal Reserve ended a seven-year experiment with near-zero interest rates by raising its benchmark rate by a quarter percentage point. The move marked a test of the U.S. economy's capacity to rely less on central-bank support to spur continued spending and investment by households and businesses. The WSJ Dollar Index rose 8.6% in 2015, reflecting the divergence in growth expectations and central bank actions between the U.S. and other major economies. That rise, along with the fall in oil, were the major factors impacting the earnings of U.S. companies in the past year.

In Europe, the strengthening of the dollar against the euro was a godsend for some European companies, helping them to increase their global market share and their economies to emerge from the economic doldrums. Figures released by the European Union's statistics agency showed the Eurozone's unemployment rate fell to its lowest level in four years. The growth, however, was remarkably slow even with the powerful tailwinds of a weak euro, rock-bottom interest rates and very low energy prices. There were still underlying weaknesses in the Eurozone economy that had been masked by the easy-money policies of the European Central Bank. Despite the crisis of expulsion of Greece from the currency union being resolved in 2015, heavy debt burdens, both private and public, restrained growth. Growth in the Eurozone's nominal GDP was less than 2% in 2015. Stocks in the Eurozone however mostly performed well, driven by monetary loosening measures and declines in oil prices, lifting the Stoxx Europe 600 by 6.8% for the year.

Chairman's Statement

Many emerging economies that rely on income from exporting raw materials were hard hit in 2015, dragged down by plunging commodity prices fueled by waning demand amid slowing global growth. After plunging from more than $100 a barrel to nearly $50 a barrel in 2014, U.S. oil prices fell 30% in 2015 to $37 as a global glut of crude, driven by robust production from U.S. shale-oil fields and high level output from Saudi Arabia and Russia, continued to weigh on the market. Low oil prices have roiled global financial markets, as large energy producers have reported sharp earnings drops and cutbacks in spending, and oil-exporting nations have suffered from lower government revenues and weaker currencies.

The Group reported a profit of approximately US$11.12 million for the year ended 31 December 2015, compared with a profit of US$9.73 million in 2014. The profit mainly comprised of: (1) a profit (net of taxation) of US$15.55 million arising from disposal of portion of its equity investment in Shandong Lukang Pharmaceutical Co., Ltd. ("Lukang") and (2) a profit US$3.97 million (including reversal of provision) from disposal of its remaining holding in Ragentek Technology Group Limited ("Ragentek"). In the year, the Company paid a management fee and performance bonus of US$4.13 million which was capped by a shareholder resolution at the extraordinary general meeting held in 2012.

The consolidated net asset value increased by US$28.21 million for the year to US$224.83 million as at 31 December 2015. Apart from the net profit for the year, the major increase in net asset value was mainly attributable to the unrealised increase in fair value of Lukang whose share price increased from RMB7.92 to RMB13.35 over the year.

In the first half year, the Company disposed of approximately 8.08 million shares in Lukang, realising a profit (net of taxation) of approximately US$15.55 million. In light of the China market's irrational exuberance in the first half year, as well as the dramatic increase in price and the huge daily turnover in Lukang's shares, the Company announced in June that it sought shareholder approval to dispose of up to all its holdings in Lukang, a sale which may constitute a very substantial disposal by the Company under the Listing Rules. The approval was granted by shareholders at the extraordinary general meeting held in November. In the second half year, however, there was no disposal of Lukang shares due to the moratorium imposed by the China Securities Regulatory Commission.

In September 2015, the Company disposed of its remaining stake in Ragentek (3.37%) for US$5.72 million and realised a profit of approximately US$3.97 million (including reversal of provision made in previously).

As announced in November the Company decided not to renew the Amended Investment Management Agreement on its expiry on 31 December 2015, and would manage its investments in-house. These arrangements would simplify the Company's compliance, administrative and decision-making processes.

Economic Outlook

After a year of disappointment in everything from stocks to emerging markets and junk bonds, investors are entering 2016 with low expectations. It is set to be the most uncertain year for China's economy since the global financial crisis of 2008. China's domestic economy is clearly following a weakening trend, and the International Monetary Fund estimated its 2016 growth rate would fall from 6.9% in 2015 to 6.5%.

With investment and industrial output weakening, China is placing its hopes on consumption, one of the economy's few bright spots. Its services sector continues to grow rapidly – now accounting for 51% of GDP. Official data on China's wages and consumer purchases indicate that China's household spending has fared reasonably well, despite a significant drop off in country-wide investment growth. Both of these developments show that the rebalancing of the economy – away from government-led investment toward more sustainable reliance on consumption and services growth – continues to move forward, if only very gradually.

China's banking system is set for another challenging year ahead. The quality of bank assets has been deteriorating in recent years, as corporate profitability – particularly in the industrial sector – has weakened steadily. With the rising likelihood of defaults on bank loans, it is expected that continued bouts of volatility in China's credit markets will surface and, coupled with a subdued rate of growth for overall credit, will substantially hamper banks' ability to finance real economic growth.

As China's economy slows, capital outflows are set to accelerate and its currency will come under further depreciation pressure throughout the course of 2016. In order to prevent RMB value from falling too fast, the central bank will intervene by buying RMB. This will reduce the supply of RMB in the domestic economy, draining banking liquidity and negating the Central bank's efforts to stimulate the economy through greater credit creation.

Overall, it will be a tough time ahead for the China economy. It will continue to grow at a lower rate, inevitably accompanied by more regular bouts of economic and financial volatility as the economy changes and returns on investment continue to fall along with GDP growth. However, measures like interest rate cuts, several reserve-requirement ratio cuts and an expansionary fiscal policy are expected to be rolled out to keep the 2016 GDP growth target around 6.5%.

The U.S. will continue a gradual normalization of monetary policy after a smooth lift-off from record low rates at the end of 2015. The Eurozone will continue with loosen monetary policy to tackle low inflation and weak growth. However, continued divergence of policies between major central banks creates difficulties for emerging markets as increased exchange rate volatility is fueled. A further appreciation of the dollar could expose vulnerabilities in sectors in emerging economies with high dollar exposures. This may result in another bout of global risk aversion, leading further commodity price declines, widening spreads, and depreciating exchange rates.

Politics will also be a main theme in the Eurozone in 2016. Economic integration is threatened by terrorism spinning out from the Middle East and by the refugee crisis which has encouraged countries such as Germany, Sweden and Denmark to re-impose border controls. A British referendum will be held mid-2016 to decide whether the U.K. stays in the EU. A vote to leave would increase uncertainty about prospects for both the British and Eurozone economies. However, easy-money policies from the European Central Bank, attractive valuations and an expected rise in corporate earnings should boost European shares in 2016.

Overall, the slowdown in economic growth around the world remains a major hurdle for global markets. A deceleration in China and other emerging economies led the International Monetary Fund to repeatedly cut its growth outlook. It expects global growth of 3.4% in 2016.

Liquidity and Financial Resources

The financial position of the Group was healthy throughout the year. As at 31 December 2015, the Group had cash and cash equivalents of US$42.78 million (2014: US$26.23 million), of which US$35.75 million (2014: US$22.76 million) was held in RMB equivalents in PRC bank deposits in Mainland China. Most of the Group's investments are located in Mainland China. RMB is not a freely convertible currency and the RMB exchange rate was depreciated by about 4.5% against the U.S. dollar during the year, causing a moderate devaluation impact to the net asset of the Group. The Group did not engage in currency hedging nor did it adopt any formal hedging activities for its RMB assets' exposure.

Employees

During the year, the Group was managed by China Assets Investment Management Limited. A company secretary was employed by the Company. In addition to basic salary, other benefits include a mandatory provident funds scheme and a discretionary employee share option scheme.

Prospects

Having been granted a mandate by shareholders to dispose of up to all its holdings in Lukang, the Company intends to implement disposal when the situation is favorable. However in January 2016, upon uplift of the moratorium on sale of stock by shareholders owning 5% or more of a listed company, the China Securities Regulatory Commission announced new rules to restrict the disposal of shareholdings by substantial shareholders. Under the rules, the Company has been barred from selling more than 1% of Lukang's total outstanding shares, and will be required to inform the exchange of any sales plan 15 trading sessions in advance. These rules have hindered the Company's flexibility to dispose of the holdings. The Company will closely monitor the latest market situation of Lukang and manage the disposal as and when appropriate in the best interests of the Company.

Since January 2016, the Company has managed its investments in-house. An investment department and a professional investment team have been set up. The Company believes this arrangement can simplify its investment decision-making process.

Despite the slowdown, the Company doesn't expect a hard landing in China's economy. It will still maintain its majority of resources for and in China. The Company has been exploring various investment opportunities, and has directed its focus on the IT sector and the health and pharmaceutical industry. As has been reiterated, investment will be proceeded with on a very cautious basis, bearing in mind the evolving economic situations in mainland China and other major economies which could have reverberating effects on existing and potential investments.

Last but not least, I would like to thank my fellow directors, shareholders and the investment manager for their valuable contributions and support during the year.

By Order of the Board
Lo Yuen Yat
Chairman

Hong Kong, 24 March 2016

Management Discussion and Analysis

The principal investment objective of the Group is to strive to achieve long-term capital appreciation, primarily through equity and equity-related investments in small- to medium-sized companies operating in China.

The Group's performance in 2015 improved modestly. Despite its unlisted investments being inevitably affected by the lackluster economy in China, its listed investment portfolio was boosted by the remarkable share performance of its core investment, Shandong Lukang Pharmaceutical Co. Ltd. ("Lukang").

Lukang reported a net profit of RMB1.88 million for the first 9 months of the year compared with a net loss of RMB84.29 million in the corresponding period in 2014. The improvement in the period was attributed to an increase in gross profit ratio from 16% to 18.5% as a result of higher product sale prices. It was also helped by a saving in various overheads and finance charges amounting to approximately RMB38 million. However, sales for the period were RMB1,739.6 million, nearly the same level compared with last year's corresponding period. This lack of improvement in sales reflected the continuation of various factors dragging on the operating performance of Lukang, including but not limited to a shrinking market demand in veterinary antibiotics and its slow adjustments to the product mix. Looking ahead, the Company is still concerned about the ability of Lukang's management to overcome a continuing weak operating situation, which already has spanned several years, without any major sign of improvement, especially when one-off effects of cost savings during the year may vanish in 2016.

Lukang's share price performance was superb during the surge in China's stock market in the first half year, rising from RMB7.92 at the beginning of 2015 to RMB25.75 at its highest in the middle of June. The Company believed the prices in the first half year were high relative to Lukang's fundamentals. To take advantage of the attractive prices, the Company sold a total of approx. 8.08 million shares in the range of RMB9.10 and RMB24.50, realizing a profit (net of taxation) of approximately US$15.55 million.

In the second half of the year, the Company was barred from selling any of its Lukang shares under a moratorium imposed by the China Securities Regulatory Commission ("CSRC").

In November, a mandate was given by shareholders that authorized the Company to dispose of up to all its holdings in Lukang. However, effective January 2016 and in accordance with new rules set by the CSRC, the Company has been barred from selling more than 1% of Lukang's total shares outstanding. It also will be required to inform the exchange 15 trading sessions in advance of any sales plans. These rules inevitably put constraints on the Company's disposal of Lukang. The management will review the latest development and take appropriate action when it sees fit.

In September 2015, the Company disposed of its remaining stake in Ragentek Technology Group Limited ("Ragentek") (3.37%) for US$5.72 million, realizing a profit of approximately US$3.97 million (including reversal of previously made provision). The Company invested US$7.32 million for a 6.6% common equity in 2011 as a pre-IPO investment. However, the listing application was subsequently withdrawn due to then poor market conditions. In May 2013, the Company disposed of nearly half its equity in Ragentek for US$4.43 million. Overall, the Company realized a total profit of US$2.83 million on this entire investment.

First Shanghai Investments Limited ("FSIL"), an associated company listed in Hong Kong, reported a profit of HK$134.66 million (approx. US$17.37 million) for the year, of which the Group shared HK$19.74 million (US$2.55 million). FSIL is one of the core assets of the investment portfolio. In 2014, FSIL disposed of a wholly-owned pharmaceutical subsidiary with a gain of approximately HK$211 million. The absence of such a non-recurrent item is a major reason for the decline in net profit in 2015.

The Group has a 20% indirect holding in Shanghai International Medical Centre Co Ltd ("SIMC") which owns a 500-bed, class-A hospital in Pudong New Area ("the Hospital"). The Hospital commenced operation in May 2014. It has been projected that operating losses and financing costs will drag down the Hospital's performance in the initial years and further funding requirements from shareholders are envisaged from time to time. The Group shared a loss of RMB15.26 million (approx. US$2.42 million) for 2015 in accordance with Hong Kong Financial Reporting Standards. The Group considers SIMC's prospects to be optimistic despite the projected losses in initial years. It intends to hold the investment for the long term.

Red Stone Fund ("RS Fund") is a limited partnership investing in minerals, energy or related industries in the PRC. The Group has paid RMB24.3 million for a 6% indirect interest. RS Fund has two investments, respectively, 14.4% in equity in Ganxian Shirui New Materials Company Limited, and 12.5% in equity in Ganzhou Chenguang Rare Earths New Materials Company Limited. It also has had an entrusted loan of RMB180 million to 太重煤機有限公司 (Tai Chong Coal Machinery Limited Company, "TCC") with an option to convert to equity in TCC. As a consequence of the substantial drop in the global price of minerals and commodities in recent years, both investments have performed unsatisfactorily. Due to significant delays in the reorganization of TCC, RS Fund has called for repayment of the entrusted loan but recovery has been difficult.

The RS Fund was contracted to dissolve in February 2015 but, in light of difficulties in disposing of the assets, all partners agreed in late 2014 to extend the dissolution for an extra year to February 2016. Disposal agreements for the two investments were reached during 2015 with their respective controlling shareholders and completion is expected to take place in the later part of 2016. The agreements, if completion takes place, will enable RS Fund to recover at least its cost of investment.

As exit from investments will stretch beyond the revised dissolution date and because recovery of the loan is moving slowly, all RS Fund partners have further agreed to extend the dissolution for an additional year to February 2017. This will enable ample time for the orderly realization of assets. The fair value of RS Fund was US$2.45 million at the end of the year, resulting in a valuation deficit of US$0.69 million being debited to the income statement.

Details of other investments are outlined in the Investments Section on pages 10 to 15.

Management Discussion and Analysis

The management continued to adopt a conservative approach through 2015 and made no new major investments. Management noted the China economy had slowed quicker than it expected, weighed down by debt, excess industrial capacity, and an overbuilt housing market. Recurring plummets in China's stock markets, botched attempts to bolster them, and volatility in currency markets had shaken management's confidence in the central government's economic management skills. However, given its large size and the growth rate, it is still one of the world's fastest-growing major economies. Its 900 million workforce, including some 150 million skilled professionals, will continue to help shift the economy from one built on natural resources to one built on human resources. Progress is being made in restructuring, with services now accounting for half the economy and consumption contributing nearly 60% of economic growth. During this process of restructuring, there are opportunities for investments in particular in sectors related to domestic consumption and encouraged by the central government. The Company has placed high priority on the medical service and health care industry which is likely to continue growing explosively in future years as a result of China's demographic changes. It has focused on undertaking in-depth investigation of investment opportunities related to the medical, pharmaceutical and health care sectors, which, if invested, will be high quality unlisted enterprises with levels of risk acceptable to the Group. This approach is deemed to be prudent to fulfill our goal of long-term appreciation and preservation of capital value.

Investments

Major Long-term Investments as at 31 December 2015

Name	Nature of business	% of total issued capital %	Invested amount US$	Impairment loss US$	Carrying value US$	% of total asset value %	Investee's underlying earnings/ (losses) US$	Attributable net assets to the Group US$	Dividend received US$
Investment in associates									
First Shanghai Investments Limited	Investment holding	17.52	13,770,330	0	62,111,415	27.19	17,369,716	71,603,023	478,950
Shanghai Medical International Centre	Provision of medical services	*20.00	18,931,228	0	12,784,007	5.60	(12,087,595)	12,778,803	0
Goldeneye Interactive Limited	Provision of web portal for online real estate information	22.37	3,850,000	(2,990,776)	65,227	0.03	(95,971)	158,444	0
Shanghai Moxing Environmental Science and Technology Co Ltd	Provision of waste oil recycling service	29.86	745,912	(597,243)	0	0.00	(229,958)	22,395	0
Available-for-sale financial assets									
Shandong Lukang Pharmaceutical Co Ltd	Manufacture and sale of pharmaceutical products	7.62	6,681,789	0	90,120,580[#]	39.46	297,675**	22,134,496[##]	0
China Pacific Insurance (Group) Co Ltd.	Provision of insurance services and management of insurance funds	0.02	5,427,472	0	6,124,832[#]	2.68	2,857,459,684	3,235,890	109,522
Red Stone Fund	Investment holding	*6.00	3,624,469	(1,181,813)	2,445,657[#]	1.07	(291,719)	3,235,890	0
China Alpha Fund	Investment fund	N/A	2,770,449	0	3,496,750[#]	1.53	112,313,531***	3,496,750	0
Total			**55,801,649**	**(4,769,832)**	**177,148,468**	**77.56**			**588,472**

* *indirect interest*
\# *also represents their fair value*
** *unaudited figure for the nine months ended 30 September 2015*
\## *unaudited figure as at 30 September 2015*
*** *based on annual financial statements ended other than 31 December 2015*

Investments

Major Long-term Investments as at 31 December 2014

Name	Nature of business	% of total issued capital	Invested amount	Impairment loss	Carrying Value	% of total asset value	Investee's underlying earnings/ (losses)	Attributable net assets to the Group	Dividend received
		%	US$	US$	US$	%	US$	US$	US$
Investment in associates									
First Shanghai Investments Limited	Investment holding	17.68	13,770,330	0	66,927,209	33.68	26,475,605	74,886,287	0
Shanghai Medical International Centre	Provision of medical services	*20.00	7,812,821	0	4,699,303	2.36	(11,096,823)	4,664,951	0
Goldeneye Interactive Limited	Provision of web portal for online real estate information	22.37	3,850,000	(2,900,776)	86,696	0.04	(381,692)	191,587	0
Shanghai Moxing Environmental Science and Technology Co Ltd	Provision of waste oil recycling service	29.86	745,912	0	628,595	0.32	(154,641)	93,365	0
Available-for-sale financial assets									
Shandong Lukang Pharmaceutical Co Ltd	Manufacture and sale of pharmaceutical products	9.01	7,899,633	0	66,763,395#	33.59	(13,658,579)**	22,480,556##	0
China Pacific Insurance (Group) Co Ltd.	Provision of insurance services and management of insurance funds	0.02	5,427,472	0	7,559,183#	3.80	1,822,233,025	3,148,122	86,875
Red Stone Fund	Investment holding	*6.00	3,624,469	(491,425)	3,136,045#	1.58	(371,717)	3,435,597	0
China Alpha Fund	Investment fund	N/A	2,770,449	0	3,248,834#	1.63	13,931,448***	3,248,834	0
Total			**45,901,086**	**(3,392,201)**	**153,049,260**	**77.00**			**86,875**

* *indirect interest*
\# *also represents their fair value*
** *unaudited figure for the nine months ended 30 September 2014*
\## *unaudited figure as at 30 September 2014*
*** *based on annual financial statements ended other than 31 December 2014*

Investments

Other Major Investments as at 31 December 2015

Name	Nature of business	Number of shares held	% of total issued capital	Cost	Impairment loss	Carrying value	% of total asset value	Investee's underlying earnings/ (losses)	Attributable net assets to the Group	Dividend received
			%	US$	US$	US$	%	US$	US$	US$
Financial assets at fair value through profit and loss										
Industrial and Commercial Bank of China Ltd	Provision of personal and corporate commercial banking services in China	1,709,650	0.00	725,421	0	1,032,275	0.45	43,994,550,581	1,316,503	64,279
HSBC Holdings PLC	Provision of international banking and financial services	114,833	0.00	1,188,553	0	917,064	0.40	15,096,000,000	1,152,221	57,378
Tencent Holdings Limited	Investment holding	45,000	0.00	701,531	0	885,370	0.39	4,611,095,270	89,959	1,160
China Telecom Corporation Ltd	Provision of fixed line and mobile communications services	1,800,000	0.00	1,285,825	0	845,310	0.37	3,190,761,334	1,032,042	18,941
Total				**3,901,330**	**0**	**3,680,019**	**1.61**			**141,758**

Other Major Investments as at 31 December 2014

Name	Nature of business	Number of shares held	% of total issued capital	Cost	Impairment loss	Carrying value	% of total asset value	Investee's underlying earnings/ (losses)	Attributable net assets to the Group	Dividend received
			%	US$	US$	US$	%	US$	US$	US$
Financial assets at fair value through profit and loss										
Ragentek Technology Group Limited	Manufacturer of original design mobile phones	648,726	3.37	3,717,542	0	1,749,762	0.88	11,571,473	2,481,464	0
Industrial and Commercial Bank of China Ltd	Provision of personal and corporate commercial banking services in China	1,709,650	0.00	725,421	0	1,247,501	0.63	44,771,673,959	1,190,560	65,355
HSBC Holdings PLC	Provision of international banking and financial services	114,833	0.00	1,188,553	0	1,095,509	0.55	14,705,000,000	1,194,933	56,256
China Telecom Corporation Ltd	Provision of fixed line and mobile communications services	1,800,000	0.00	1,285,825	0	1,053,527	0.53	2,877,815,589	1,037,691	19,854
Total				**6,917,341**	**0**	**5,146,299**	**2.59**			**141,465**

Major Long-Term Investments

Investments in associates

First Shanghai Investments Limited ("FSIL")

FSIL reported a net profit of HK$134.66 million (approx. US$17.37 million) for the year ended 31 December 2015, compared to a net profit of HK$205.36 million (approx. US$26.48 million) for the year ended 31 December 2014. In 2014, FSIL disposed of a wholly-owned pharmaceutical subsidiary, with a gain of approximately HK$211 million (US$27.19 million). Without this contribution there was a decline in its 2015 profit. Nonetheless, its corporate finance and stockbroking segment performed satisfactorily driven by market growth and business expansion, which recorded a segment revenue of approximately HK$361.1 million for the year with an growth of approximately 39% as compared with last year. FSIL also has other business interests that extend from property development and investment, hotels and direct investments which operations were stable.

Shanghai International Medical Centre Co Ltd ("SIMC")

SIMC is the owner of Shanghai International Medical Centre (the "Hospital"), a 500-bed, class-A hospital in Shanghai International Medical Zone, Pudong New Area. It provides high-end medical services to foreign expatriates in Shanghai and adjacent regions as well as local high-income residents. The Hospital was opened in May 2014.

At the beginning of 2015, the Company invested RMB50 million in equity and advanced RMB50 million to SIMC. In March 2015, the Company made a RMB20 million shareholder loan to SIMC in proportion to its equity position. In accordance with a shareholder resolution to strengthen its capital base from RMB250 million to RMB600 million, all shareholder loans were capitalized as equity in SIMC. The formalities of capitalization were completed and at end of year, the Company owned a 20% indirect interest equivalent to RMB120 million registered capital in SIMC.

In September 2015, the Company made a further shareholder loan of RMB20 million to SIMC in proportion to its equity in SIMC. It was also resolved by all shareholders that additional shareholders loans (totaling RMB100 million) would be capitalized at a valuation of RMB1,200 million for SIMC as a whole (compared with the then existing registered capital of RMB600 million). The formalities of capitalization of this round of RMB100 million in shareholder advances were completed in January 2016. At the date of this report, the Company owns 20% of indirect equity in SIMC, comprising of (1) RMB130 million in registered capital, and (2) RMB10 million as premium in excess of registered capital.

The Hospital incurred a net loss of RMB69.94 million for the year from a dismal low level of income of RMB46.63 million. The operational result was in line with forecast and it is unlikely there will be major improvement in the near future unless the Hospital is able to attract more high net worth patients. The Hospital recently set up an equity option scheme to incentivize (1) external doctors to bring in their patients (hence revenue), and (2) selected executives and in-house doctors. Under the scheme, both external doctors and selected executives/in-house doctors will be granted an option to subscribe for equity in SIMC at a valuation of RMB1,200 million. The scheme provides that revenue generated by the grantees meets an operating benchmark. This incentive scheme is expected to enhance the financial performance of the Hospital.

Goldeneye Interactive Limited ("Goldeneye")

The Company made a US$3.85 million investment in April 2011 for a 22.37% Preferred B-share holding in Goldeneye. Goldeneye and its affiliated companies operate a web portal — www.fangjia.com — which is a vertical search engine specializing in online real estate information in the secondary market. The information is gathered by data mining and undergoes sophisticated analysis using Goldeneye's self-developed, patented technology.

In 2012, in view of the portal's extremely weak viewer traffic and poor operating result, the Group made an impairment loss provision of US$2.90 million. During the year, Goldeneye continued its modified strategy of providing in-depth analysis of the property market to financial institutions using its data mining technology. Service provision contracts were signed with major companies including Bank of China Consumer Finance Co. and Agriculture Bank of China. Contract negotiations are underway with Alibaba and Ping-An Group.

Though the overall situation has improved, the progress is slow. In the year, Goldeneye incurred a loss of US$0.10 million, of which the Company shared US$0.02 million.

Shanghai Moxing Environmental Science and Technology Co Ltd ("SMECT")

SMECT, a PRC-incorporated company, is an early-stage technology and services company that provides waste oil recycling for transportation and industrial customers. It has developed a proprietary, patented oil filtration technology that recycles waste oil without any degradation in quality. The Group has invested a total of RMB4.65 million in two tranches for a total equity interest of 29.86%.

SMECT continued to face extreme difficulties during the year due to a shortage of funding and little progress made on new orders. In view of SMECT's deteriorating situation, the Company made a full provision in its interim accounts on the carrying value of the investment, amounting to US$0.60 million.

Available-for-sale financial assets

Shandong Lukang Pharmaceutical Co Ltd ("Lukang")

Lukang has been adversely affected since 2011 by the difficult operating environment caused by various government policies, including mandated drug price reduction measures, provincial drug tendering, restrictions on the use of antibiotics, and the implementation of new Good Manufacturing Practice standards. These factors have either driven down the selling prices of Lukang's products or increased the overall costs of its operation. Exacerbating the situation, the new facility set up in Zoucheng to provide for expansion was substantially under-utilised, resulting in significant idle wastage and disrupting financial recovery. Nonetheless, in line with the exceptional performance of the China stock market, Lukang's share price rose during the year from RMB7.92 to RMB13.35, marking the fair value of the investment at US$90.12 million at end of year. This resulted in an unrealized fair value gain of US$39.28 million being transferred to the investment revaluation reserve. During the year, the Company disposed of approx. 8.08 million shares of Lukang, realising a net profit of approx. US$15.55 million.

China Pacific Insurance (Group) Co Ltd ("China Pacific")

The Group had 1,488,200 shares in China Pacific, a PRC general insurer, at end of year. As at 31 December 2015, the fair value of China Pacific was stated as US$6.12 million and an unrealised fair value loss of US$1.43 million was debited to the investment revaluation reserve.

Red Stone Fund ("RS Fund")

The Red Stone Fund was set up in Ganzhou, Jiangxi Province, in January 2010 as a limited partnership in accordance with PRC Limited Partnership Law. The aim of RS Fund, whose size is RMB405 million, was to invest in minerals, energy or related industries in the PRC. The Group has paid RMB24.30 million for a 6.00% indirect interest in RS Fund. The Fund has two investments, respectively, of 14.4% in equity in Ganxian Shirui New Materials Company Limited, and 12.5% in equity in Ganzhou Chenguang Rare Earths New Material Company Limited. Both investments performed unsatisfactorily due to the substantial decline in prices of global mineral resources. In 2011, RS Fund advanced an entrusted loan of RMB180 million to 太重煤機有限公司 (Tai Chong Coal Machinery Company Limited, "TCC") whose main businesses are the manufacture and sale of coal washing equipment, coking coal equipment and coal devices (scrapers, belt machines, etc.). TCC has been under reorganization and RS Fund had an option to convert all or a portion of the entrusted loan for equity in TCC. In view of both the delay of the reorganization and the market situation, RS Fund has called for repayment of the entrusted loan. However, there has been difficulty in recovering the loan. As at end of year, only RMB52.04 million had been repaid.

The RS Fund was contracted to dissolve in February 2015. In light of difficulties in disposing of the assets, all partners in RS Fund agreed to extend the dissolution to February 2017. This should enable the proper and orderly disposal of assets. The Company received RMB0.60 million from RS Fund during the year as its share of available excess cash. The distribution, together with any future similar distribution, is treated as an amount due to RS Fund and will be set-off against for final distribution by RS Fund upon liquidation. The fair value of RS Fund at end of year has been re-appraised at US$2.45 million resulting in a fair value deficit of US$0.69 million debited to the income statement for the year.

China Alpha II Fund ("China Alpha")

The Group holds 1,631 units in China Alpha with a fair value of US$3.50 million at end of year, resulting in a fair value surplus of US$0.25 million credited to the investment revaluation reserve for the year.

Investment For Which Full Provision Had Been Made

Junhui International Holdings Limited ("Junhui")

In September 2009, the Group entered into a set of secured loan and warrant agreements with Junhui, pursuant to which the Group committed to provide a total of RMB50 million to finance part of the construction cost of a dredging ship for projects in China. Up to August 2010, the Group had, from time to time, advanced sums amounting to a total of RMB43 million to Junhui for interim payments to the shipyard. Around July 2010, Junhui informed the Group that it was exploring the opportunity of a dredging project in Indonesia and intended to move the dredging ship, upon construction completion, to operate there. Having considered the political and commercial factors involved, both the Group and Junhui agreed all principal and interest be prepaid, irrespective of the scheduled repayment dates. Agreement was reached that full repayment had to be made no later than June 2012. Due to its repeated failure to repay the loan, the Group made a full provision on the outstanding loan principal and interest totaling RMB56.45 million (approx. US$9.01 million) in 2012. During the year, both the Group and the shipyard discussed options available to dispose of the vessel but no agreement was reached.

Biographical Details of Directors

Mr. LO Yuen Yat, aged 70, was a Director from 1991 to 1993 and was re-elected in 1995. He is the chairman of the Company and was appointed as managing director in January 2016. He is a director of various subsidiaries of the Company. He is also the chairman and managing director of First Shanghai Investments Limited which is a substantial shareholder and an associated company of the Company and a director of Golad Resources Limited. Previously, Mr. Lo was a senior policy researcher at China's National Research Centre for Science and Technology and Social Development and worked at the PRC State Science and Technology Commission, Ministry of Communications of the People's Republic of China and the PRC Railway Ministry. Mr. Lo graduated from Fudan University in Shanghai and obtained his master's degree from Harvard University.

Mr. CHENG Sai Wai, aged 58, was appointed a director in January 2016. Mr. Cheng has been company secretary of the Company since January 2011. Mr. Cheng is a non-executive director of Shandong Lukang Pharmaceutical Co. Limited, a company listed on the Shanghai Stock Exchange, PRC. He is also employed by First Shanghai Investments Limited to oversee its PRC non-wholly owned subsidiary whose business activity is related to logistics. Mr. Cheng holds a Bachelor of Business Administration degree in Accounting from The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 30 years extensive experience in auditing, accounting, and financial control, as a company secretary and in private equity investment.

Mr. YEUNG Wai Kin, aged 54, has been a Director since 1997 and is a director of various subsidiaries of the Company. Mr. Yeung is the chief financial officer and a director of First Shanghai Investments Limited. He is also a director of First Shanghai Direct Investments Limited and Golad Resources Limited. He has over 30 years experience in auditing, finance and management positions. Mr. Yeung is a professional member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He has a bachelor's degree in law from Peking University.

Mr. ZHAO Yu Qiao, aged 71, has been a Director since 2000. He has a bachelor's degree from Qinghua University, China, and a diploma in engineering from Rul University, Germany.

Ms. LAO Yuan Yuan, aged 37, was an executive director of the Company from 2005 to 2015 and was re-designated as a non-executive director in January 2016. Ms. Lao is presently a vice-president of business development of Crimson Pharmaceutical (Hong Kong) Limited ("Crimson"), a subsidiary of First Shanghai Investments Limited. Prior to joining Crimson, Ms. Lao worked in the investment banking division at Merrill Lynch & Co in New York City. Ms. Lao graduated magna cum laude from Columbia University, USA, where she studied Engineering Management Systems. Ms. Lao is the daughter of Mr. Lo Yuen Yat.

Mr. FAN Jia Yan, aged 69, has been a Director since 1999. Mr. Fan is an independent non-executive Director of the Company. He is a special adviser of CITIC Bank International Limited. He worked for CITIC Industrial Bank in Beijing for more than 10 years and is well versed in all aspects of China's banking business.

Biographical Details of Directors

Mr. WU Ming Yu, aged 84, has been a Director since 2002. Mr. Wu is an independent non-executive Director of the Company. Mr. Wu is a renowned scientific policy researcher in China and retired in 1994. He is an honorary president of the China Association for Scientific and Economic Research and the China Association for Scientific and Technology Research. He was a director of Creat Group, an independent director of Beijing Shougang Company Limited, and an independent non-executive director of Venturepharm Laboratories Limited. He has been a vice-director of the Development Research Center of the State Council, vice-director of the State Science and Technology Commission and a part-time professor at the University of Science and Technology of China, Zhongqing University and the Beijing Institute of Technology. He has published numerous research papers and was instrumental in formulating China's policy on science and technology.

Dr. David William MAGUIRE, aged 63, has been a Director since July 2008. Dr. Maguire is an independent non-executive Director of the Company. Over a continuing career of more than 40 years in the media sector he has held senior management positions in Shanghai, Hong Kong and Australia, been a university media academic, and served as chairman and director of a number of corporate and NFP entities. He is a Ph.D. (Murdoch University, Perth) and Doctor of Business Administration (Edith Cowan University, Perth), as well as a Master of Business Administration (James Cook University, Cairns) and holder of Masters degrees in regional development (University of Western Australia, Perth) and tourism management (Southern Cross University). He is a graduate of the Australian Institute of Company Directors.

Corporate Governance Report

This Corporate Governance Report contains information for the year ended 31 December 2015. The Company is committed to maintaining a sound standard of corporate governance in protecting the interests of its shareholders based on the principles of integrity, fairness, independence and transparency.

The Company continues to review the effectiveness of its corporate structure in order to assess whether changes are necessary and appropriate to improve its corporate governance practices.

Corporate Governance Practices

The Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules (the "CG Code") was introduced on 1 January 2005. Accordingly, the Company has adopted the code provisions and its subsequent amendments in the CG Code as its own code on corporate governance.

The Board is committed to maintaining a high standard of corporate governance in the best interests of shareholders. For the year ended 31 December 2015, the Company has complied with the code provisions set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). It reports a deviation from code provision A.6.7 in that one independent non-executive Director was unable to attend the annual general meeting of the Company held on 22 May 2015 due to overseas commitments.

On 1 January 2016, the Company appointed Mr. Lo Yuen Yat ("Mr. Lo"), the Chairman of the Board, as the Managing Director of the Company. This arrangement has deviated from Code provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company believes that vesting the role of both positions in Mr. Lo provides the Company with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. The Company also considers that this structure will not impair the balance of power and authority between the Board and the management given that there is a strong and independent non-executive element on the Board. The Company believes that the proposed structure is beneficial to the Company and its business.

Model Code for Securities Transactions by the Directors

The Company has adopted Appendix 10 of the Listing Rules "Model Code for Securities Transactions by Directors of Listed Issuers" as rules for securities transactions initiated by the Directors of the Company. After specifically inquiring with all Directors of the Company (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015, and whom the Company has been unable to contact), the Company confirms that its Directors' securities transactions (other than those, if any, of Mr. Jiang Wei), fully complied with the standard laid down in the said rules during the year ended 31 December 2015.

Board of Directors

The board of Directors (the "Board") is responsible for providing leadership and oversight of the management and operations of the Company. The Board lays down strategies for achieving the business objectives so as to enhance the shareholders' value. The Board regularly reviews the Company's corporate governance principles and standards. As disclosed below, the Board maintains a balanced composition of executive and non-executive Directors. There is a strong independent element on the Board which can effectively bring independent judgment to the Company. In addition, the Board has a balance of skills and experience appropriate for the Company. Biographical details of the Directors are set out on pages 16 to 17.

For the year 2015, a management agreement existed between the Company and China Assets Investment Management Limited ("CAIML"). Under the agreement, CAIML was appointed to act as the investment manager of the Company and agreed to provide management services to the Company. The management agreement expired on 31 December 2015.

In compliance with rules 3.10 (1) and (2) of the Listing Rules, the Company has three independent non-executive Directors who have appropriate professional qualifications or accounting or related financial management expertise. The Company has received, from each of the independent non-executive Directors a confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board considers that the existing independent non-executive Directors are independent in accordance with the guidelines set out in rule 3.13 of the Listing Rules. When deemed necessary, any Director upon reasonable request may seek independent professional advice at the Company's expense.

Composition

Apart from Mr. Jiang Wei, whose office as a Director was vacated on 30 January 2015, the Board comprised of seven Directors during 2015: two were Executive Directors, two were Non-executive Directors and three were Independent Non-executive Directors.

On 1 January 2016, Mr. Cheng Sai Wai was appointed as an Executive Director of the Company and Ms. Lao Yuan Yuan, a Director, was re-designated as a Non-executive Director of the Company.

The members of the Board during the year ended 31 December 2015, and up to the date of this report, are as follows:

Executive Directors:
Mr. Lo Yuen Yat, *Chairman*
Mr. Cheng Sai Wai (appointed on 1 January 2016)

Non-executive Directors:
Mr. Yeung Wai Kin
Mr. Zhao Yu Qiao
Ms. Lao Yuan Yuan (re-designated on 1 January 2016)
Mr. Jiang Wei (vacated on 30 January 2015)

Independent Non-executive Directors:
Mr. Fan Jia Yan
Mr. Wu Ming Yu
Dr. David William Maguire

Except for Ms. Lao Yuan Yuan being the daughter of Mr. Lo Yuen Yat, there is no relationship between Directors of the Company.

The Chairman of the Board is Mr. Lo Yuen Yat who provides leadership and supervision for the Board and oversees the overall business and investment strategy. No individual performed the role of chief executive officer during 2015. With the assistance of the company secretary, the Chairman ensured that adequate information, which was complete and reliable, could be received by all Directors in a timely manner and Directors were properly briefed on issues arising at board meetings.

As the Company ceased to employ an investment manager, effective January 2016, the Company appointed Mr. Lo Yuen Yat on 1 January 2016 as Managing Director of the Company to oversee its operations.

All Directors, including Non-executive Directors, shall be appointed for a term of not more than three years renewable, subject to re-election at a general meeting.

The Board held six board meetings during the year ended 31 December 2015. Notice of at least 14 days was given for a regular board meeting to which all Directors were given an opportunity to attend.

The Directors have been provided in a timely manner with appropriate information in order to enable them to discharge their duties and responsibilities. Directors have participated in regular board meetings either in person or through other means of communication.

The individual attendance of each Director at the six board meetings for the year ended 31 December 2015 is as follows:

Name of Director	Attendance
Mr. Lo Yuen Yat	6/6
Ms. Lao Yuan Yuan	6/6
Mr. Jiang Wei	0/1#
Mr. Yeung Wai Kin	6/6
Mr. Zhao Yu Qiao	4/6
Mr. Fan Jia Yan	6/6
Mr. Wu Ming Yu	6/6
Dr. David William Maguire	6/6

office as a Director vacated on 30 January 2015

Directors' Professional Development

According to 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 new requirements of the CG Code on continuous professional development during the year:

Name of Director	Corporate Governance/Updates on laws, rules and regulations Read materials	 Attend workshops
Mr. Lo Yuen Yat	✓	✓
Ms. Lao Yuan Yuan	✓	✓
Mr. Jiang Wei##	**	**
Mr. Yeung Wai Kin	✓	✓
Mr. Zhao Yu Qiao	✓	✓
Mr. Fan Jia Yan	✓	✓
Mr. Wu Ming Yu	✓	✓
Dr. David William Maguire	✓	✓

office as a Director vacated on 30 January 2015

** *The Company has been unable to contact him to obtain information*

Remuneration Committee

A Remuneration Committee with specific written terms of reference was established in June 2005. The terms of reference are formulated based on the code provisions of the CG Code. The Remuneration Committee is a committee of the Board. Its primary function is to assist the Board in establishing a coherent remuneration policy which:

(i) reviews and approves management's remuneration proposals with reference to the board's corporate goals and objectives;

(ii) enables the Company to attract, retain and motivate Directors and senior management who create value for shareholders;

(iii) fairly and responsibly rewards Directors and senior management with regard to the performance of the Company, the performance of the Directors and senior management, and the general remuneration environment; and

(iv) complies with the provisions of the Listing Rules and relevant legal requirements.

The Remuneration Committee is granted the authority to review the overall remuneration policy and other remuneration-related matters of the Company within its terms of reference and all employees are directed to cooperate as requested by members of the Remuneration Committee. The Remuneration Committee is provided with sufficient resources to discharge its duties. The Remuneration Committee is authorized by the Board to obtain outside legal or other independent professional advice if considered necessary.

During 2015, the Remuneration Committee comprised of three members: an Executive Director, Mr. Lo Yuen Yat, and two Independent Non-executive Directors, Mr. Fan Jia Yan and Dr. David William Maguire. The Chairman of the Remuneration Committee is Mr. Fan Jia Yan.

The Remuneration Committee held one meeting in 2015 to discuss remuneration related matters of directors and senior executives. The individual attendance of each member at the committee meeting for the year ended 31 December 2015 is as follows:

Name of Director	Attendance
Mr. Fan Jia Yan	1/1
Mr. Lo Yuen Yat	1/1
Dr. David William Maguire	1/1

Audit Committee

The Company established an Audit Committee with written terms of reference in December 1998. The Audit Committee is a committee of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to shareholders and others, the systems of internal controls which management and the Board have established, and the external audit process.

Full minutes of audit committee meetings are kept by a duly appointed secretary of the meeting. Draft and final versions of the minutes of audit committee meetings are sent to members of the committee for comment and record within a reasonable time after the meeting.

Since 22 March 2008, the Audit Committee has comprised three members, two of whom are Independent Non-executive Directors, Mr. Fan Jia Yan and Mr. Wu Ming Yu, and the other a Non-Executive Director, Mr. Yeung Wai Kin. Mr. Fan is the chairman of the Audit Committee. Pursuant to rule 3.21 of the Listing Rules, the majority of audit committee members are Independent Non-executive Directors and the committee is chaired by an Independent Non-executive Director. The Audit Committee comprises a minimum of three members, at least one of whom is an Independent Non-executive Director with appropriate professional qualifications.

The Audit Committee held three meetings during the year ended 31 December 2015. The individual attendance of each member at the committee meetings for the year ended 31 December 2015 is as follows:

Name of Director	**Attendance**
Mr. Fan Jia Yan	3/3
Mr. Wu Ming Yu	3/3
Mr. Yeung Wai Kin	3/3

Nomination Committee

A Nomination Committee with specific written terms of reference was established on 15 March 2012. The terms of reference are formulated based on the code provisions of the CG Code. The Nomination Committee is a committee of the Board. It performs the following duties:

(i) reviews the structure, size and composition (including the skills, knowledge and experience) of the board at least annually, and makes recommendations on any proposed changes to the board to complement the Company's corporate strategy;

(ii) identifies individuals suitably qualified to become board members and selects or makes recommendations to the board on the selection of individuals nominated for Directorships;

(iii) assesses the independence of Independent Non-executive Directors; and

(iv) makes recommendations to the board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee is comprised of three members, one of whom is an Executive Director, Mr. Lo Yuen Yat, and two are Independent Non-executive Directors, Mr. Fan Jia Yan and Mr. Wu Ming Yu. The Nomination Committee is chaired by Mr. Lo Yuen Yat.

During 2015, the Nomination Committee held one meeting to discuss the appointment and re-designation of directors and senior executives. The individual attendance of each member at the committee meeting for the year ended 31 December 2015 is as follows:

Name of Director	**Attendance**
Mr. Lo Yuen Yat	1/1
Mr. Fan Jia Yan	1/1
Mr. Wu Ming Yu	1/1

Auditor's Remuneration

The following is a schedule setting out remuneration in respect of audit and non-audit services provided by external auditor, PricewaterhouseCoopers, to the Company and the Group during the year ended 31 December 2015.

	US$
Annual audit fee	177,909
Non-audit fee	63,283
	241,192

Internal Control

The Directors acknowledge their responsibility to ensure a sound and effective internal control system which is designed to provide reasonable, but not absolute, assurance that material mis-statement or loss can be avoided, and to manage and minimize risks of failure in achieving the Company's objectives. The Audit Committee is delegated by the board to review the internal control systems on an ongoing basis.

The Audit Committee was satisfied the internal control systems were in place and functioning effectively during the year under review.

Directors' Responsibility for Preparing the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the Consolidated Financial Statements of the Company and the Group. They confirm that, to the best of their knowledge and having made all reasonable inquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company and the Group, PricewaterhouseCoopers, in connection with their reporting responsibility on the consolidated financial statements of the Company and its subsidiaries is set out in the Independent Auditor's Report on pages 32 and 33.

Investment Committee

The Board has established an Investment Committee with power to make investment decisions and to approve the valuations of the Company's investments.

During 2015, the Investment Committee comprised of three members, two of whom were Executive Directors, Mr. Lo Yuen Yat and Ms. Lao Yuan Yuan (who was re-designated as Non-executive Director on 1 January 2016), and one Non-executive Director, Mr. Yeung Wai Kin. Mr. Chan Suit Khown, as chief investment officer of the Company effective 1 January 2016, was appointed as a member of Investment Committee on even date.

Communication with Shareholders

The Company endeavors to maintain an on-going dialogue with shareholders and, in particular, through annual general meetings or other general meetings to communicate with them and encourage their participation. The Chairman and members of the Board make themselves available to answer questions about the Group's business.

The Group values feedback from shareholders in its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2015.

Principal Activities

The principal activity of the Company is investment holding. The principal activities and other relevant details of the subsidiaries and associates are set out in Notes 12 and 13 to the consolidated financial statements respectively. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group's business, can be found in the Management Discussion and Analysis set out on pages 7 to 9 of this Annual Report. This discussion forms part of this directors' report.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 to the consolidated financial statements. The Company, being an investment holding company, has no supplier or customer.

All the subsidiaries are either investment holding companies or dormant companies and have no supplier or customer.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 34. The Directors do not recommend the payment of a dividend for the year ended 31 December 2015.

Business Review

The business review of the Group for the year ended 31 December 2015 are provided in the Chairman Statement, Business Review and Management Discussion and Analysis of this annual report.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in Note 20 to the consolidated financial statements.

Share Capital

Details of the Company's share capital are set out in Note 19 to the consolidated financial statements.

Distributable Reserve

The distributable reserve of the Company as at 31 December 2015 was US$11.2 million (2014: US$Nil).

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 82.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Report of the Directors

Directors

The Directors during the year and (except for Mr. Jiang Wei, whose office as a Director was vacated on 30 January 2015) up to the date of this report were:

Mr. Lo Yuen Yat
Mr. Cheng Sai Wai (appointed on 1 January 2016)
Mr. Yeung Wai Kin
Mr. Zhao Yu Qiao
Ms. Lao Yuan Yuan (re-designated on 1 January 2016)
* Mr. Fan Jia Yan
* Mr. Wu Ming Yu
* Dr. David William Maguire

Non-executive Directors
* *Independent Non-executive Directors*

In accordance with Articles 87B, 90 and 98 of the Company's Articles of Association, Mr. Cheng Sai Wai and Dr. David William Maguire will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' Service Contracts

No Director (whether or not he/she is proposed for re-election at the forthcoming annual general meeting) has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation (if any).

Biographical Details of Directors

Brief biographical details of Directors are set out on pages 16 and 17.

Continuing Connected Transaction

New Agreement Supplemental to Amended Management Agreement

The Company entered into an agreement (the "Management Agreement") on 28 March 1991 with China Assets Investment Management Limited ("CAIML") for provision of management and advisory services to the Company. The Management Agreement was subsequently amended on 8 April 1992 and a supplemental agreement (as from time to time amended, the "Amended Management Agreement") was signed on 11 October 2004 in which the term of the Management Agreement was fixed to continue to 31 December 2006. The Amended Management Agreement was subsequently renewed bi-annually on the same terms and conditions until 31 December 2012.

On 28 December 2012 a new agreement dated 25 September 2012 (the "New Supplemental Agreement") to supplement the Amended Management Agreement for provision of management and advisory services to the Company by CAIML, effective 1 January 2013 to 31 December 2015, was approved by shareholders in general meeting.

Under the Amended Management Agreement and the New Supplemental Agreement (collectively called the "New Amended Management Agreement"), CAIML was entitled to receive from the Company a basic management fee at the rates of (i) 2.75% per annum on the aggregate cost to the Company of the investment (less any provisions in respect thereof) held by it from time to time; and (ii) 1% per annum on the value of the uninvested net assets of the Company. In addition, CAIML was entitled to a performance bonus based on a specified formula and the return on net assets and net capital gains of the Company subject to the net asset value of the Company for the relevant year, being greater than the greatest of all previous net asset values. The annual management fee (including performance bonus, if any) was also subject to the relevant annual cap as approved by shareholders in general meeting.

The current Directors of the Company confirm that none of them has any equity interest in CAIML or had at any material time any interest in the Amended Management Agreement or the New Amended Management Agreement except that (a) Mr. Lo Yuen Yat is a director of CAIML; (b) Mr. Yeung Wai Kin is a shareholder of CAIML; and (c) Mr. Zhao Yu Qiao is an indirect shareholder of CAIML.

The Independent Non-executive Directors have reviewed the above continuing connected transaction and have confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of the business of the Company and its subsidiaries;

(2) on normal commercial terms, or on terms no less favorable to the Company than terms available to, or from, independent third parties; and

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

The Company's auditor was engaged to report on the Company's continuing connected transaction in accordance with the 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 an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Company in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange of Hong Kong Limited.

Further details of the above transaction are disclosed in Note 24(a) to the consolidated financial statements.

The New Amended Management Agreement expired on 31 December 2015.

Share Options

Options in respect of shares in the Company

On 19 May 2004, the Company adopted a share option scheme (the "Old Scheme"). Under the Old Scheme, the Board was entitled at any time within ten years commencing on 19 May 2004 to make an offer for the grant of a share option to any director, employee or consultant of the Group or Manager of the Company's affairs or any adviser whose service to the Group may contribute to the business and operation of the Group as the Board may in its absolute discretion select. The exercise price of options was the highest of the closing price of the shares on The Stock Exchange of Hong Kong Limited on the date of grant and the average closing price of the shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant. As the Old Scheme expired on 19 May. 2014, no further share options can be granted but the provisions of the Old Scheme remain in full force and effect in all other respects in relation to the share options granted under the Old Scheme. All outstanding share options granted under the Old Scheme and yet to be exercised shall remain valid.

In order to ensure continuity of a share option scheme for the Company to incentivize selected participants for their contribution to the Group, the Shareholders at the annual general meeting of the Company held on 23 May 2014 passed an ordinary resolution to approve the adoption of a new share option scheme (the "New Scheme").

The New Scheme will be in force for a period of ten years commencing from 26 May 2014, being the date of the adoption of the Scheme by the Company. The Directors may, at their discretion, offer any director, employee or consultant of the Group, a company in which any company in the Group holds an equity interest, or a subsidiary of such company, or the Manager; or any adviser whose service to the Group contributes, or is expected to contribute, to the business or operations of the Group as may be determined by the Directors from time to time to subscribe for Shares in the Company. Options may be granted without any initial payment for the options at an exercise price equal to the highest of (i) the closing price per share on the Stock Exchange of Hong Kong Limited on the date of the grant of the option and (ii) the average closing price per Share on the Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of the grant of the option.

Other major terms of the Old Scheme and the New Scheme (collectively the "Schemes"), in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

(1) The maximum number of shares which may be issued upon the exercise of all options to be granted under the Schemes and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the shares of the Company in issue on the respective dates of approval of each of the Schemes. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders. Following the termination of the Old Scheme, no further share options can be granted under the Old Scheme.

(2) The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Schemes, and any other schemes of the Company, must not exceed 30% of the shares of the Company in issue from time to time.

(3) The total number of shares of the Company issued and to be issued upon exercise of share options (whether exercised or outstanding) granted under the Schemes in any 12-month period to each grantee must not exceed 1% of the shares of the Company in issue.

(4) The exercise period of any share option granted under the Schemes shall be determined by the Board but such period must not exceed ten years from the date of grant of the relevant share option.

(5) The Schemes do not specify any minimum holding period. However the Board has authority to determine the minimum period for which a share option in respect of some, or all, of the shares forming the subject of the share options must be held before it can be exercised.

(6) As at the date of this report, the outstanding number of shares in respect of which options have been granted under the Schemes was 3,975,000 (2014: 4,475,000), representing approximately 5.17% (2014: approximately 5.83%) of the issued share capital of the Company as at the date of this report.

No share options under the New Scheme have been granted.

Details of share options granted under the Old Scheme and that remained outstanding as at 31 December 2015 are as follows:

	Options held at 1 January 2015	Options lapsed during the year	Options exercised during the year	Options held at 31 December 2015	Exercise price *HK$*	Closing price before the date of grant *HK$*	Date of grant	Exercise period
Directors:								
Lo Yuen Yat	750,000	—		750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Lao Yuan Yuan	750,000			750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Jiang Wei#	500,000	(500,000)		—	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Yeung Wai Kin	750,000	—		750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Zhao Yu Qiao	750,000	—		750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Wu Ming Yu	75,000	—		75,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Employees	900,000	—		900,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
	4,475,000	(500,000)	—	3,975,000				

office as a Director vacated on 30 January 2015

Directors' material Interests in Transactions, Arrangements and Contracts that are Significant in Relation to the Company's Business

Save as disclosed above in the section headed New Agreement Supplemental to Amended Management Agreement, no other contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party, and in which a Director of the Company (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015 and who the Company has been unable to contact to obtain confirmation of his interests) had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as disclosed above in the section headed New Agreement Supplemental to Amended Management Agreement, no transactions, arrangements and contracts concerning the management and administration of the whole, or any substantial part, of the business of the Company were entered into or existed during the year.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Specified Undertaking of the Company or Other Associated Corporation

As at 31 December 2015, the interests and short positions of Directors (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015, and whom the Company has been unable to contact to obtain confirmation of his interests) and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations within the meaning of Part XV of the SFO were as follows:

	Number of shares held			% of
Name of Director	**Personal interests**	**Corporate interests**	**Total**	**the issued share capital**
Lo Yuen Yat	225,000	0	225,000	0.29%
Yeung Wai Kin	100,000	0	100,000	0.13%
Fan Jia Yan	75,000	0	75,000	0.10%

Apart from the New Agreement Supplemental to Amended Management Agreement and the Schemes stated above, at no time during the year had the Company, its subsidiaries, its associates, its fellow subsidiaries or its holding company been a party to any arrangement to enable the Directors and/or chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Apart from the above, as at 31 December 2015, none of the Directors (other than Mr. Jiang Wei whose office as a Director was vacated on 30 January 2015, and whom the Company has been unable to contact to obtain confirmation of his interests) or the chief executive of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests and Short Positions in the Shares of the Company and its Associated Corporations

The register of substantial shareholders' interests maintained under section 336 of the SFO reveals that as at 31 December 2015, the Company had been notified of the following interests of the substantial shareholders of the Company, being 5% or more of the Company's issued shares that carry a right to vote at general meetings of the Company.

Name	Type of interest	Capacity	Number of ordinary shares held	Percentage of issued share capital
First Shanghai Investments Limited ("FSIL") *(Note 1)*	Corporate	Interest of Controlled Corporation	25,162,866	32.78%
First Shanghai Direct Investments Limited ("FSDI") *(Note 1)*	Corporate	Interest of Controlled Corporation	25,162,866	32.78%
Golad Resources Limited *(Note 1)*	Corporate	Beneficial Owner	25,162,866	32.78%
Deutsche Bank Aktiengesellschaft	Corporate	Security Interest	15,888,918	20.70%
QVT Financial LP *(Note 2)*	Corporate	Investment Manager	15,888,918	20.70%
QVT Financial GP LLC *(Note 2)*	Corporate	Interest of Controlled Corporation	15,888,918	20.70%
QVT Associates GP LLC *(Note 3)*	Corporate	Interest of Controlled Corporation	15,888,918	20.70%
QVT Fund LP *(Note 3)*	Corporate	Beneficial Owner	14,290,201	18.62%
Chen Dayou *(Note 4)*	Personal	Interest of Controlled Corporation	8,075,000	10.52%
Team Assets Group Limited *(Note 4)*	Corporate	Beneficial Owner	8,075,000	10.52%

Note:

(1) Both FSIL and FSDI had corporate interests in the issued share capital of the Company through their indirect or direct share interests in Golad Resources Limited. Golad Resources Limited is wholly-owned by FSDI, which is, in turn, wholly-owned by FSIL.

(2) QVT Financial GP LLC had an interest in QVT Financial LP which is deemed to have interest in the issued share capital of the Company since QVT Financial LP acts in the capacity of an investment manager to QVT Fund LP.

(3) QVT Associates GP LLC had an interest in the issued share capital of the Company through its interest in QVT Fund LP.

(4) Chen Dayou had an interest in the issued share capital of the Company through its interest in Team Assets Group Limited.

Save as disclosed above, no other shareholders of the Company had any beneficial or legal interests in 5% or more of the Company's issued shares that carry a right to vote in general meetings of the Company as recorded in the register maintained by the Company. All interests described above represent a long position in the shares of the Company and no short positions, deemed interests or derivative interests were recorded in the register maintained by the Company as at 31 December 2015.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at the date of this report.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Lo Yuen Yat
Chairman

Hong Kong, 24 March 2016

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA ASSETS (HOLDINGS) LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Assets (Holdings) Limited (the 'Company') and its subsidiaries set out on pages 34 to 81, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the 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 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Auditor's Responsibility *(Continued)*

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2016

Consolidated Income Statement

For the year ended 31 December 2015

	Note	2015 US$	2014 US$
Income	6	**810,309**	862,415
Other gains — net	7	**16,585,512**	10,234,676
Administrative expenses	8	**(5,797,750)**	(2,348,353)
Operating profit		**11,598,071**	8,748,738
Share of profits less losses of associates		**74,756**	1,902,131
Provision for impairment loss of an associate		**(597,243)**	—
Profit before income tax		**11,075,584**	10,650,869
Income tax credit/(expense)	10	**40,370**	(925,152)
Profit for the year attributable to equity holders of the Company		**11,115,954**	9,725,717
Earnings per share attributable to the equity holders of the Company during the year	11		
— Basic		**0.145**	0.127
— Diluted		**0.145**	0.127

The notes on pages 40 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015	2014
	US$	*US$*
Profit for the year	**11,115,954**	9,725,717
Other comprehensive income/(loss):		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Share of post-acquisition reserves of associates	**(6,536,011)**	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	**(115,712)**	(14,205)
Exchange differences arising on translation of subsidiaries and associates	**(1,042,416)**	(761,795)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	**(13,309,997)**	(4,773,110)
Fair value gains of available-for-sale financial assets	**38,095,055**	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset	**—**	(804,607)
Other comprehensive income for the year, net of tax	**17,090,919**	28,594,604
Total comprehensive income for the year attributable to equity holders of the Company	**28,206,873**	38,320,321

The notes on pages 40 to 81 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015

	Note	2015 US$	2014 US$
ASSETS			
Non-current assets			
Interests in associates	13	**78,005,948**	72,341,803
Available-for-sale financial assets	14	**102,190,222**	80,708,893
Total non-current assets		**180,196,170**	153,050,696
Current assets			
Loans receivable	15	**—**	8,041,300
Other receivables, prepayments and deposits	16	**367,068**	206,128
Financial assets at fair value through profit or loss	17	**5,055,595**	7,004,648
Tax recoverable		**—**	70,253
Short-term bank deposits with initial terms of over three months		**—**	4,144,215
Cash and cash equivalents	18	**42,784,510**	26,225,412
Total current assets		**48,207,173**	45,691,956
Total assets		**228,403,343**	198,742,652
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	**76,783,698**	76,783,698
Reserves	20	**148,050,733**	119,843,860
Total equity		**224,834,431**	196,627,558
LIABILITIES			
Non-current liability			
Deferred income tax liabilities	21	**—**	—
Current liabilities			
Other payables and accrued expenses		**764,505**	705,738
Amounts due to related companies	24(c)	**2,787,644**	407,942
Current income tax liabilities		**16,763**	1,001,414
Total current liabilities		**3,568,912**	2,115,094
Total liabilities		**3,568,912**	2,115,094
Total equity and liabilities		**228,403,343**	198,742,652

The notes on pages 40 to 81 are an integral part of these consolidated financial statements.

The financial statements on pages 34 to 81 were approved by the Board of Directors on 24 March 2016 and were signed on its behalf.

Lo Yuen Yat
Director

Cheng Sai Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital US$	Capital reserve US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
Balance as at 1 January 2015	76,783,698	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	196,627,558
Comprehensive income							
Profit for the year attributable to equity holders of the Company	–	–	–	–	–	11,115,954	11,115,954
Other comprehensive income/(loss)							
Share of post-acquisition reserves of associates	–	(6,536,011)	–	–	–	–	(6,536,011)
Release of post-acquisition reserve upon deemed disposal of an associate	–	(115,712)	–	–	–	–	(115,712)
Exchange differences arising on translation of subsidiaries and associates	–	–	(1,042,416)	–	–	–	(1,042,416)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	–	–	–	–	(13,309,997)	–	(13,309,997)
Fair value gains of available-for-sale financial assets	–	–	–	–	38,095,055	–	38,095,055
Total other comprehensive income for the year, net of tax	–	(6,651,723)	(1,042,416)	–	24,785,058	–	17,090,919
Total comprehensive income for the year ended 31 December 2015	–	(6,651,723)	(1,042,416)	–	24,785,058	11,115,954	28,206,873
Balance as at 31 December 2015	76,783,698	8,977,992	1,742,702	1,506,549	77,197,368	58,626,122	224,834,431

The notes on pages 40 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital *US$*	Share premium *US$*	Capital reserve *US$*	Exchange translation reserve *US$*	Share-based compensation reserve *US$*	Investment revaluation reserve *US$*	Retained earnings *US$*	Total *US$*
Balance as at 1 January 2014	7,675,816	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	158,307,237
Comprehensive income								
Profit for the year attributable to equity holders of the Company	–	–	–	–	–	–	9,725,717	9,725,717
Other comprehensive income/(loss)								
Share of post-acquisition reserves of associates	–	–	6,471,442	–	–	–	–	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	–	–	(14,205)	–	–	–	–	(14,205)
Exchange differences arising on translation of subsidiaries and associates	–	–	–	(761,795)	–	–	–	(761,795)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	–	–	–	–	–	(4,773,110)	–	(4,773,110)
Fair value gains of available-for-sale financial assets	–	–	–	–	–	28,476,879	–	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset	–	–	–	–	–	(894,008)	–	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	–	–	–	–	–	89,401	–	89,401
Total other comprehensive income for the year, net of tax	–	–	6,457,237	(761,795)	–	22,899,162	–	28,594,604
Total comprehensive income for the year ended 31 December 2014	–	–	6,457,237	(761,795)	–	22,899,162	9,725,717	38,320,321
Transfer of reserve upon lapse of share options	–	–	–	–	(67,332)	–	67,332	–
Transition to no-par value regime on 3 March 2014 *(Note 19)*	69,107,882	(69,107,882)	–	–	–	–	–	–
Balance as at 31 December 2014	76,783,698	–	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	196,627,558

The notes on pages 40 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 US$	2014 US$
Cash flows from operating activities			
Cash used in operations	22	**(5,369,791)**	(2,417,272)
Hong Kong profits tax refunded		**110,623**	—
Overseas profit tax paid		**(969,880)**	—
Net cash used in operating activities		**(6,229,048)**	(2,417,272)
Cash flows from investing activities			
Loan repayment received		**—**	350,000
Capital contribution to an associate		**(7,920,667)**	—
Loan repayment received from an associate		**4,752,400**	—
Loan advanced to an associate		**(3,168,267)**	(3,995,661)
Interest received		**526,992**	606,992
Dividend received from listed investments		**283,317**	255,423
Dividend received from an associate		**478,950**	—
Uplift/(placement) of time deposits with initial terms of over three months		**4,144,215**	(4,144,215)
Purchase of available-for-sale financial assets		**—**	(2,578,383)
Purchase of financial assets at fair value through profit or loss		**(517,004)**	(840,057)
Net proceeds from disposals of interests in an associate		**—**	6,218,388
Net proceed from disposals of available-for-sale financial assets		**18,762,749**	7,815,603
Net proceed from disposals of financial assets at fair value through profit or loss		**5,722,664**	88,195
Net cash generated from investing activities		**23,065,349**	3,776,285
Net increase in cash and cash equivalents		**16,836,301**	1,359,013
Cash and cash equivalents at beginning of year		**26,225,412**	25,181,872
Exchange losses on cash and cash equivalents		**(277,203)**	(315,473)
Cash and cash equivalents at end of year	18	**42,784,510**	26,225,412

The notes on pages 40 to 81 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

China Assets (Holdings) Limited (the 'Company') and its subsidiaries (together, the 'Group') is principally engaged in investment holdings in Hong Kong and Mainland China.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in United States dollars ('US$'), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 24 March 2016.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of China Assets (Holdings) Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

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

(i) Changes in accounting policy and disclosures

Effect of adopting amendments to existing accounting standards

The following amendments to existing accounting standards are mandatory to the Group for the financial year beginning on or after 1 January 2015 but they did not result in any significant impact on the results and financial position of the Group.

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Improvements to HKASs and HKFRSs 2010-2012 Cycle
Annual Improvements Project	Improvements to HKASs and HKFRSs 2011-2013 Cycle

2. Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) *Changes in accounting policy and disclosures* (Continued)

New standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 27 (2011) (Amendment)	Equity method in separate Financial Statement	1 January 2016
HKAS 28 and HKFRS 10 (Amendment)	Sales and contribution of assets between an investor and its associate or joint venture	To be determined
HKAS 28 (2011), HKFRS 10 and HKFRS 12 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 11 (Amendment)	Acquisition of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
Annual Improvement Project	Improvement to HKASs and HKFRSs 2012-2014 cycle	1 January 2016

The Group has already commenced an assessment of the related impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether the above amendments will result in substantial changes to the Group's accounting policies and presentation of the financial statements.

(ii) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation, and disclosure of certain information in the consolidated financial statements.

2. Summary of significant accounting policies *(Continued)*

(b) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Summary of significant accounting policies *(Continued)*

(b) Subsidiaries *(Continued)*

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2. Summary of significant accounting policies *(Continued)*

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US$, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. All foreign exchange gains and losses are presented in the consolidated income statement within 'other gains/(losses) — net'.

Changes in the fair value of monetary debt securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

2. Summary of significant accounting policies *(Continued)*

(e) Foreign currency translation *(Continued)*

(iii) Group companies *(Continued)*

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loans receivable', 'other receivables and deposits' and 'cash and cash equivalents' in the consolidated balance sheet (Notes 2(i) and 2(j)).

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2. Summary of significant accounting policies *(Continued)*

(g) Financial assets *(Continued)*

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other gains/(losses) — net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in investment revaluation reserve are included in the consolidated income statement as 'other gains/(losses) — net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

(h) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisations, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Summary of significant accounting policies *(Continued)*

(h) Impairment of financial assets *(Continued)*

(i) Assets carried at amortised cost *(Continued)*

For loans and other receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

Impairment testing of loans and other receivables is described in Note 2h(i).

(i) Loans receivable and other receivables

If collection of loans receivable and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Loans receivable and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. Summary of significant accounting policies *(Continued)*

(k) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Other payables

Other payables are recognised initially at fair value and subsequent measured at amortised cost using the effective interest method.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies *(Continued)*

(m) Current and deferred income tax *(Continued)*

(ii) Deferred income tax *(Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Summary of significant accounting policies *(Continued)*

(o) Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group participates in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expenses when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

2. Summary of significant accounting policies *(Continued)*

(p) Operating leases (as the lessee for operating lease)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

(q) Income recognition

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

Interest income is recognised using the effective interest method. When loans and other receivables are impaired, the Group reduces the carrying amounts to their recoverable amounts, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and other receivables are recognised using the original effective interest rate.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's members or directors, where appropriate.

3. Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

(1) Foreign exchange risk

The Group operates mainly in Hong Kong and the Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollars ('HK$') and Renminbi ('RMB'). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy.

In respect of the Group's monetary assets and liabilities denominated in HK$, as HK$ is pegged to US$, the exposure to fluctuations in exchange rate of HK$ is considered to be insignificant.

Majority of other Group's monetary assets and liabilities are denominated in the respective entities' functional currencies, which is either US$ or RMB. Based on a sensitivity analysis performed by management, as at 31 December 2015, if the RMB appreciated/depreciated by 5%, with all other variables held constant, post-tax profit for the year would have been US$1,703,000 (2014: US$1,281,000) higher/lower. Equity would have been US$4,408,000 (2014: US$3,329,000) higher/lower.

3. Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(2) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

If the securities price of the respective investments held by the Group as available-for-sale financial assets and financial assets at fair value through profit or loss were higher or lower by 15% as at 31 December 2015 (2014: 15%), the Group's investment revaluation reserve would increase or decrease by approximately US$14,962,000 (2014: US$11,636,000) and 'other gains — net' in the consolidated income statement for the year ended 31 December 2015 would increase or decrease by US$1,125,000 (2014: US$1,521,000) respectively.

(3) Cash flow and fair value interest rate risk

The Group's significant interest-bearing assets are cash at bank and bank deposits, where the interest rate is low in the current environment. These bank balances and deposits carry interest at floating interest rates and expose the Group on cash flow interest rate risk. Assuming the balance as 31 December 2015 was the amount for the whole year, if the interest rate was 20 (2014: 20) basis points higher or lower and all other variables were held constant, the Group's profit or loss would increase or decrease by approximately US$79,000 (2014: US$57,000).

(ii) Credit risk

The Group is exposed to credit risk mainly in relation to its loans and other receivables and deposits with banks. The carrying amounts of loans receivable, other receivables and deposits, short-term bank deposits and cash at banks included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2015, the Group had no significant concentrations of credit risk. It has policies in place to ensure that loans were made to borrowers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any borrower. Adequate provision for unrecoverable loans and other receivables has been made in the relevant accounting period after considering the Group's experience in collection of loans and other receivables.

As at 31 December 2014 and 2015, all the bank deposits were placed with major banks in Hong Kong and the Mainland China. The credit quality of the financial institutions has been assessed by reference to external credit ratings or historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

3. Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping sufficient cash and marketable securities.

The Group considers that the exposure to liquidity risk is insignificant as the Group does not have any material current liabilities.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust its dividend policy, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital of the Group for capital management purpose includes share capital, retained earnings, other reserves and subordinated liabilities. Capital is allocated to various business activities of the Group depending on the risk taken by each business, taking into account current and future activities within a time frame.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

As at 31 December 2014 and 2015, the Group had no bank borrowings and, accordingly, the gearing ratio for both years is Nil.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 31 December 2015.

	Level 1	**Level 2**	**Level 3**	**Total**
	US$	***US$***	***US$***	***US$***
Financial assets at fair value through profit or loss				
— listed equity securities	**5,055,595**	**—**	**—**	**5,055,595**
— unlisted equity securities	**—**	**—**	**—**	**—**
Available-for-sale financial assets				
— listed equity securities	**96,247,815**	**—**	**—**	**96,247,815**
— unlisted investment funds	**—**	**3,496,750**	**2,445,657**	**5,942,407**
	101,303,410	**3,496,750**	**2,445,657**	**107,245,817**

The following table presents the Group's assets that are measured at fair value at 31 December 2014.

	Level 1	Level 2	Level 3	Total
	US$	*US$*	*US$*	*US$*
Financial assets at fair value through profit or loss				
— listed equity securities	5,254,886	—	—	5,254,886
— unlisted equity securities	—	—	1,749,762	1,749,762
Available-for-sale financial assets				
— listed equity securities	74,324,014	—	—	74,324,014
— unlisted investment funds	—	3,248,834	3,136,045	6,384,879
	79,578,900	3,248,834	4,885,807	87,713,541

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily securities listed on the Stock Exchange of Hong Kong Limited.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments; and

— Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the year ended 31 December 2015.

	Unlisted Investment fund *US$*	**Unlisted equity securities** *US$*	**Total** *US$*
Opening balance	**3,136,045**	**1,749,762**	**4,885,807**
Disposal during the year	**—**	**(1,749,762)**	**(1,749,762)**
Provision for impairment loss recognised in the consolidated income statement	**(690,388)**	**—**	**(690,388)**
Closing balance	**2,445,657**	**—**	**2,445,657**

The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Unlisted Investment fund *US$*	Unlisted equity securities *US$*	Total *US$*
Opening balance	4,521,478	1,749,762	6,271,240
Release of investment revaluation reserve upon impairment	(894,008)	—	(894,008)
Provision for impairment loss recognised in the consolidated income statement	(491,425)	—	(491,425)
Closing balance	3,136,045	1,749,762	4,885,807

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of loans and other receivables

Provision for impairment of loans and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. In determining whether any of the loans and other receivables is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered. Based on the management's estimation, adequate impairment provision has been made on loans and other receivables. Where the final outcome of these matters is different from the management's estimates and judgements, such differences will impact the profit and loss account and carrying value of loans and other receivables in the period in which such determination is made.

(b) Estimated impairment of investments in associates

The Group tests whether the carrying amount of investment has suffered from any impairment, in accordance with the accounting policy stated in Note 2(b)(ii) and Note 2(c). The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates.

(c) Fair value of financial instruments

The fair value of financial instruments traded in active markets (such as trading and available-for-sale financial assets securities) is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

4. Critical accounting estimates and judgements *(Continued)*

(d) Income taxes

The Group is subject to income taxes in various jurisdictions, mainly in Hong Kong and the Mainland China. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(e) Estimated impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. Investment management fee

Pursuant to a management agreement ('Management Agreement') dated 28 March 1991 and the subsequent amendments, and a new agreement dated 25 September 2012 (the "New Supplemental Agreement") which was effective from 1 January 2013 to 31 December 2015 to supplement the Management Agreement for the provision of management and advisory services to the Company, China Assets Investment Management Limited ('CAIML') (Note 24(a)) was entitled to receive from the Company a management fee calculated at the following rates:

(i) 2.75% per annum on the aggregate cost to the Company of the investments (less any provisions in respect thereof) held by it from time to time; and

(ii) 1% per annum on the value of uninvested net assets, representing net asset value of the Company less the aggregate cost of investments made by the Company.

Management fee paid to CAIML for the year ended 31 December 2015 amounted to US$1,745,468 (2014: US$1,574,992). CAIML was also entitled to receive a performance bonus based on a specified formula as defined in the Management Agreement. Performance bonus paid for the year ended 31 December 2015 amounted to US$2,386,532 (2014: Nil).

The annual management fee (including performance bonus) was subject to an annual cap of US$4,132,000 for the year ended 31 December 2015 (2014: US$2,713,000).

6. Income and segment information

The principal activity of the Group is investment holding in Hong Kong and Mainland China. Income recognised during the year is as follows:

	2015	2014
	US$	*US$*
Income		
Bank interest income	**526,992**	606,992
Dividend income from listed investments	**283,317**	255,423
	810,309	862,415

The chief operating decision-maker has been identified as the Board of Directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the Board of Directors for performance assessment and resources allocation.

The Board of Directors assesses the performance of the operating segment based on a measure of profit before tax. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRSs financial statements.

The Group has identified one operating segment — investment holding. Accordingly, segment disclosures are not presented.

An analysis of the Group's income by geographic location is as follows:

	2015	2014
	US$	*US$*
Income		
Hong Kong	**700,418**	543,810
Mainland China	**109,891**	318,605
	810,309	862,415

An analysis of the Group's non-current assets, other than available-for-sale financial assets by geographic location is as follows:

	2015	2014
	US$	*US$*
Non-current assets, other than available-for-sale financial assets		
Hong Kong	**62,111,415**	66,927,209
Mainland China	**15,894,533**	5,414,594
	78,005,948	72,341,803

7. Other gains — net

	2015	2014
	US$	*US$*
Net gains on disposals of available-for-sale financial assets	**16,149,408**	5,993,281
Net gains on disposals of financial assets at fair value through profit or loss	**3,972,902**	34,069
Net fair value (losses)/gains on financial assets at fair value through profit or loss	**(716,295)**	316,433
Net gains on disposal of interests in an associate	**—**	4,541,206
Net loss on deemed disposal of interest in an associate	**(280,545)**	(58,630)
Provision for impairment loss of an available-for-sale financial asset	**(690,388)**	(491,425)
Reversal of provision for impairment of loans and other receivables	**—**	350,000
Net exchange losses	**(1,849,570)**	(450,258)
	16,585,512	10,234,676

(a) Breakdown of realised and unrealised gains/(losses)

	2015	2014
	US$	*US$*
Net gains on disposals of available-for-sale financial assets	**16,149,408**	5,993,281
Net gains on disposals of financial assets at fair value through profit or loss	**3,972,902**	34,069
Net fair value (losses)/gains on financial assets at fair value through profit or loss	**(716,295)**	316,433
Net gains on disposal of interest in an associate	**—**	4,541,206
Net loss on deemed disposal of interest in an associate	**(280,545)**	(58,630)
Provision for impairment loss of an available-for-sale financial asset	**(690,388)**	(491,425)
	18,435,082	10,334,934

Represented by:

	2015	2014
	US$	*US$*
Listed investments		
Net realised gains	**15,868,863**	5,968,720
Net unrealised (losses)/gains	**(716,295)**	316,433
	15,152,568	6,285,153
Unlisted investments		
Net realised gains	**3,972,902**	4,541,206
Net unrealised losses	**(690,388)**	(491,425)
	3,282,514	4,049,781
	18,435,082	10,334,934

8. Administrative expenses

Expenses included in administrative expenses are analysed as follows:

	2015 US$	2014 US$
Investment management fee and performance bonus	**4,132,000**	1,574,992
Employee benefit expenses (including directors' remuneration)	**207,507**	186,358
Auditor's remuneration		
— Audit services	**177,909**	178,065
— Non-audit services	**63,283**	10,702
Other expenses	**1,217,051**	398,236
	5,797,750	2,348,353

9. Employee benefit expenses

	2015 US$	2014 US$
Wages and salaries (including directors' remuneration: *(Note 26)*)	**205,186**	184,198
Pension costs — defined contribution plan	**2,321**	2,160
	207,507	186,358

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2014: four) directors whose emoluments are reflected in the analysis shown in note 26. The emoluments payable to the remaining one (2014: one) individual during the year are as follows:

	2015 US$	2014 US$
Basic salaries, housing allowances, other allowances and benefits in kind	**90,572**	69,608
Pension costs — defined contribution plan	**2,321**	2,160
	92,893	71,768

The emoluments payable to this employee in 2015 and 2014 fell within the band of HK$nil to HK$1,000,000.

10. Income tax (credit)/expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2015 US$	2014 US$
Current tax:		
— Hong Kong profits tax	—	—
— People's Republic of China ("PRC") corporate income tax	—	925,152
— Over-provision in respect of prior years	(40,370)	—
Income tax (credit)/expense	(40,370)	925,152

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities as follows:

	2015 US$	2014 US$
Profit before income tax	11,075,584	10,650,869
Less: Share of profits less losses of associates	(74,756)	(1,902,131)
	11,000,828	8,748,738
Calculated at applicable domestic profits tax rate of respective jurisdiction	1,772,310	1,853,260
Income not subject to tax	(3,477,001)	(1,266,268)
Expenses not deductible for tax purposes	1,547,627	527,099
Utilisation of previously unrecognised tax losses	—	(188,939)
Tax losses not recognised	157,064	—
Over-provision in prior year	(40,370)	—
Tax (credit)/expense	(40,370)	925,152

The weighted average applicable tax rate was 16.1% (2014: 21.20%). The decrease is caused by a change in the relative profitability of the group's subsidiaries in the respective jurisdictions.

11. Earnings per share

The calculation of basic and diluted earnings per share is calculated by dividing the Group's profit for the year attributable to equity holders of the Company of US$11,115,954 (2014: US$9,725,717). The basic earnings per share is based on the weighted average number of 76,758,160 (2014: 76,758,160) ordinary shares in issue during the year.

Diluted earnings per share during the year is the same as the basic earnings per share as the potential additional ordinary shares are anti-dilutive.

12. Subsidiaries

The following is a list of subsidiaries held directly by the Company at 31 December 2015:

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held 2015	Interest held 2014
Global Lead Technology Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Global Record Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Promise Keep Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Runway Wish Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Shining Avenue Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Winner Strength Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Balance Target Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Capital Structure Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Ruby Power Investments Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
SINO Manufacturing Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Truly Partner Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Wonderful Effort Limited	British Virgin Islands	Investment holding	10 shares of US$1 each	**100%**	100%
Zhong Guan Business Consultancy (Shanghai) Co. Ltd.	People's Republic of China	Investment holding	Registered capital of US$140,000	**100%**	100%

Notes:

1. Apart from Zhong Guan Business Consultancy (Shanghai) Co. Ltd. which directors are Mr. Cheng Sai Wai, Ms. Hao Ya Xin and Ms. Li Yan Ping, the directors of all remaining subsidiaries are Mr. Lo Yuen Yat and Mr. Yeung Wai Kin.

2. The subsidiaries operate principally in their places of incorporation. The kind of legal entity of all subsidiaries are limited liability companies.

13. Interests in associates

	2015 US$	2014 US$
Investments in associates	**74,960,649**	72,341,803
Loan to an associate *(note)*	**3,045,299**	—
	78,005,948	72,341,803

Note: As at 31 December 2015, the loan to an associate was regarded as equity contribution to the associate.

Movements in the investment in associates are as follows:

	2015 US$	2014 US$
As at 1 January	**75,242,579**	68,822,982
Additional investment in an associate	**11,026,748**	—
Disposal of interest in an associate	**—**	(1,677,182)
Deemed disposal of interest in an associate	**(396,257)**	(72,835)
Share of profits less losses of associates	**74,756**	1,902,131
Share of post-acquisition reserves of associates	**(6,536,011)**	6,471,442
Dividends received	**(478,950)**	—
Exchange differences	**(474,197)**	(203,959)
As at 31 December	**78,458,668**	75,242,579
Provision for impairment of investment in an associate	**(3,498,019)**	(2,900,776)
	74,960,649	72,341,803

Movement in the provision for impairment of investment in an associate is as follows:

	2015 US$	2014 US$
As at 1 January	**(2,900,776)**	(2,900,776)
Provision for impairment	**(597,243)**	—
As at 31 December	**(3,498,019)**	(2,900,776)

As at 31 December 2015, provision for impairment of investment in an associate of US$3,498,019 (2014: US$2,900,776) was made by the Group after taking into account of the associate's business developments, financial positions and other factors.

13. Interests in associates *(Continued)*

(a) Set out below are the associates of the Group as at 31 December 2015:

Name	Particulars of issued shares held	Place of incorporation	Principal activities	Interest held 2015	Interest held 2014
First Shanghai Investments Limited ("FSIL") *(See note i below)*	Ordinary shares of 1,413,473,012 of HK$0.2 each	Hong Kong	Investment holding	**17.522%**	17.683%
Hong Kong Strong Profit Limited ("HKSP")	Ordinary shares of 4,900 of HK$1 each	Hong Kong	Dormant	**49%**	49%
Shanghai International Medical Center Investment Management Company Limited ("SIMC")	Reigistered and paid up capital of RMB600,000,000	People's Republic of China	Provision of medical service	**20%**[1]	20%[1]
Goldeneye Interactive Limited ("Goldeneye") *(See note ii below)*	222,948,980 Ordinary shares of US$0.001 each; 8,163,265 Series A Preferred shares of US$0.001 each; and 12,185,511 Series B Preferred shares of US$0.001 each	Cayman Islands	Provision of online real estate information	**22.37%**	22.37%
Shanghai Moxing Environmental Science and Technology Co Ltd ("SMECT")	Registered and paid up capital of RMB896,510	People's Republic of China	Provision of waste oil recycling	**29.86%**[1]	29.86%[1]

[1] Held indirectly by the Company

Notes:

(i) FSIL is a company listed on The Stock Exchange of Hong Kong Limited with issued share capital of HK$1,157,658,000 (2014: HK$1,145,005,000). Notwithstanding interest in FSIL is less than 20%, which represented 247,674,500 shares held as at 31 December 2015 and 2014, FSIL is considered as an associate of the Company because there are two common directors on the board of FSIL who can exercise significant influence over FSIL's operations and management decisions. As at 31 December 2015, the market value of the Group's interest in FSIL was approximately US$41,220,000 (2014: US$53,642,000).

(ii) The Group holds 9,574,300 Series B Preferred shares of US$0.001 each in the Company, representing a 22.37% equity interest of the Company.

13. Interests in associates *(Continued)*

(b) Set out below are the summarised financial information for FSIL and SIMC which are accounted for using the equity method:

Summarised balance sheet

	FSIL		SIMC	
	2015	2014	**2015**	2014
	US$'000	*US$'000*	***US$'000***	*US$'000*
Current assets	**648,519**	527,379	**4,468**	3,991
Current liabilities	**(449,150)**	(326,141)	**(34,762)**	(56,903)
Non-current assets	**243,309**	266,874	**161,184**	155,336
Non-current liabilities	**(33,984)**	(44,620)	**(66,997)**	(79,099)

Summarised statement of comprehensive income

	FSIL		SIMC	
	2015	2014	**2015**	2014
	US$'000	*US$'000*	***US$'000***	*US$'000*
Revenue	**63,456**	64,676	**7,387**	2,791
Profit/(loss) after tax	**17,370**	26,476	**(12,088)**	(11,097)
Other comprehensive (loss)/income	**(30,883)**	43,925	**—**	—
Total comprehensive (loss)/income	**(13,513)**	70,401	**(12,088)**	(11,097)
Dividends received from associates	**479**	—	**—**	—

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those associates) adjusted for difference in accounting policies between the Group and the associates.

(c) Reconciliation of the summarised financial information presented to the carrying amount of its investments in associates:

	FSIL		SIMC	
	2015	2014	**2015**	2014
	US$'000	*US$'000*	***US$'000***	*US$'000*
Opening net assets as at 1 January	**423,492**	354,306	**23,325**	35,196
Profit/(loss) for the year	**17,370**	26,476	**(12,088)**	(11,097)
Other comprehensive (loss)/ income	**(30,883)**	43,925	**—**	—
Transactions with owners	**(1,602)**	(1,112)	**53,293**	—
Exchange difference	**316**	(103)	**(637)**	(774)
Closing net assets at 31 December	**408,693**	423,492	**63,893**	23,325
Interest in associates	**69,769**	73,132	**12,779**	4,665
Effect of cross holding	**(8,078)**	(6,239)	**—**	—
Goodwill	**—**	—	**5**	34
Others	**420**	34	**—**	—
Carrying amount	**62,111**	66,927	**12,784**	4,699

As at 31 December 2015, the aggregate carrying amount of interests in individually immaterial associates that are accounted for using the equity method was US$65,000 (2014: US$715,000).

During the year ended 31 December 2015, the Group did not have any unrecognised share of losses of associates (2014: Nil). As at 31 December 2015, the accumulated share of losses of the associates unrecognised by the Group was nil (2014: nil).

13. Interests in associates *(Continued)*

(c) *(Continued)*

The directors have assessed the recoverable amounts of the above investments which are determined based on the higher of fair value less costs to sell and value-in-use calculation. As at 31 December 2015, as the recoverable amounts of the investments exceeded their carrying amounts, there was no impairment in the investments.

14. Available-for-sale financial assets

	2015	2014
	US$	*US$*
As at 1st January	**80,708,893**	57,634,496
Additions	**—**	2,578,383
Disposals	**(15,923,338)**	(6,595,432)
Fair value change transfer to other comprehensive income	**38,095,055**	28,476,879
Provision for impairment loss recognised in the consolidated income statement	**(690,388)**	(491,425)
Release of investment revaluation reserve upon impairment	**—**	(894,008)
As at 31 December	**102,190,222**	80,708,893

Available-for-sale financial assets include the following:

	2015	2014
	US$	*US$*
Listed equity securities		
— Canada	**2,403**	1,436
— Mainland China	**90,120,580**	66,763,395
— Hong Kong	**6,124,832**	7,559,183
Unlisted investment funds	**5,942,407**	6,384,879
	102,190,222	80,708,893
Market value of listed securities	**96,247,815**	74,324,014

Available-for-sale financial assets are denominated in the following currencies:

	2015	2014
	US$	*US$*
Canadian dollars	**2,403**	1,436
HK dollars	**9,621,582**	10,808,017
Renminbi	**92,566,237**	69,899,440
	102,190,222	80,708,893

14. Available-for-sale financial assets *(Continued)*

At 31 December 2015 and 2014, the carrying amount of interest in the following company exceeded 10% of total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held 2015	Interest held 2014
Shandong Lukang Pharmaceutical Co., Ltd. ("Lukang")	People's Republic of China ("PRC")	Manufacture and sale of pharmaceutical products	581,575,500 foreign legal person shares#	**7.62%**	9.01%

As at 31 December 2015, the Group held 44,334,600 (2014: 52,415,166) shares in Lukang, a company established in the PRC with its A-shares listed on the Shanghai Stock Exchange. Rules and restrictions have been imposed by the China Securities Regulatory Commission on the disposal of the shares.

15. Loans receivable

Loans receivable are denominated in the following currencies:

	2015 US$	2014 US$
Independent third parties *(Note a)*:		
Renminbi	**6,547,392**	6,915,518
An associate *(Note b)*:		
Renminbi — unsecured	—	3,216,520
Renminbi — secured	—	4,824,780
Loans receivable — gross	**6,547,392**	14,956,818
Provision for impairment	**(6,547,392)**	(6,915,518)
Loans receivable — net	—	8,041,300

The carrying amounts of loans receivable approximate to their fair values as at 31 December 2015. The maximum exposure to credit risk at the reporting date is the carrying amounts of the loans receivable.

Notes:

(a) The loans receivable from independent third parties were secured by certain assets of the borrowers as stipulated in the respective loan agreements. As at 31 December 2015 and 2014, the loans receivable from independent third parties were all past due and fully impaired.

(b) As at 31 December 2014, loan receivable from Shanghai International Medical Centre Co. Ltd. ("SIMC") amounted to US$4,824,780 was guaranteed by an independent third party, which is also a shareholder of SIMC.

15. Loans receivable *(Continued)*

As at 31 December 2015 and 2014, the ageing analysis of the loans receivable is as follows:

	2015	2014
	US$	*US$*
Current	**—**	—
Past due within 1 year	**—**	4,824,780
Past due over 1 year	**6,547,392**	10,132,038
	6,547,392	14,956,818

As of 31 December 2015, loans receivable of US$6,547,392 (2014: US$6,915,518) were fully impaired. It is assessed that the loans receivable are not expected to be recovered.

Movements in the provision for impairment of loans receivable are as follows:

	2015	2014
	US$	*US$*
As at 1 January	**6,915,518**	7,441,497
Reversal of provision	**—**	(350,000)
Exchange difference	**(368,126)**	(175,979)
As at 31 December	**6,547,392**	6,915,518

The reversal of provision for impairment of loans receivable have been included in 'other gains — net' in the consolidated income statement (Note 7).

16. Other receivables, prepayments and deposits

	2015	2014
	US$	*US$*
Other receivables		
Interest receivables	**2,553,368**	2,393,800
Others	**2,442,990**	2,578,973
	4,996,358	4,972,773
Prepayments and deposits	**25,314**	25,598
	5,021,672	4,998,371
Provision of impairment of other receivables	**(4,654,604)**	(4,792,243)
	367,068	206,128

16. Other receivables, prepayments and deposits *(Continued)*

Other receivables, prepayments and deposits are denominated in the following currencies:

	2015	2014
	US$	*US$*
Renminbi	**4,990,467**	4,968,530
HK dollars	**31,205**	29,841
	5,021,672	4,998,371

Movements in the provision for impairment of other receivables are as follows:

	2015	2014
	US$	*US$*
As at 1 January	**4,792,243**	4,883,519
Written-off	**—**	(26,458)
Exchange difference	**(137,639)**	(64,818)
As at 31 December	**4,654,604**	4,792,243

As of 31 December 2015 and 2014, substantially all of the other receivables were past due and impaired. Provision for impairment of other receivables of US$4,654,604 (2014: US$4,792,243) was made by the Group after taking into account of the debtors' business developments, financial positions and other factors.

17. Financial assets at fair value through profit or loss

	2015	2014
	US$	*US$*
Listed equity securities held for trading:		
— Hong Kong	**5,055,595**	5,254,886
Unlisted equity securities	**—**	1,749,762
	5,055,595	7,004,648
Market value of listed equity securities	**5,055,595**	5,254,886

Changes in fair values of these financial assets are recorded in 'other gains — net' in the consolidated income statement (Note 7).

Financial assets at fair value through profit or loss are presented within the section on 'operating activities' as part of changes in working capital in the consolidated statement of cash flows (Note 22).

The fair value of listed equity securities is based on their current bid prices in an active market.

18. Cash and cash equivalents

	2015 US$	2014 US$
Cash at bank and on hand	**3,454,110**	2,066,490
Short-term bank deposits with initial terms of less than three months	**39,330,400**	24,158,922
	42,784,510	26,225,412
Short-term bank deposits with initial terms of over three months	**—**	4,144,215
	42,784,510	30,369,627
Maximum exposure to credit risk	**42,783,920**	30,369,541

The effective interest rates on short-term bank deposits of the Group were as follows:

	2015	2014
Short-term bank deposits	**0.10%-2.25%**	0.50%-3.05%

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2015 US$	2014 US$
US dollars	**6,636,574**	2,632,998
HK dollars	**394,605**	834,802
Renminbi	**35,753,331**	26,901,827
	42,784,510	30,369,627

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2015, the Group held Renminbi denominated cash and bank balances totalling US$35,753,331 which were kept in Mainland China, the conversion and remittance of which are subject to these rules and regulations.

19. Share capital

Ordinary shares, issued and fully paid:

	Number of shares	Share capital
		US$
As at 1 January 2014	76,758,160	7,675,816
Transition to no-par value regime on 3 March 2014 *(Note a)*	—	69,107,882
At 31 December 2014	76,758,160	76,783,698
At 31 December 2015	76,758,160	76,783,698

Notes:

(a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

Share options

Share options were granted to certain directors of the Company and employees of CAIML as incentives and rewards for their contributions to the Group. Each share option entitles the holder to subscribe for one share in the capital of the Company at an exercise price of HK$5.74 per share, and is exercisable at any time from 25 April 2007 to 24 April 2017 respectively.

A new share option scheme ("New Share Option Scheme") was approved by an ordinary resolution passed on 23 May 2014 and adopted by the Company on 26 May 2014. The Board of Directors is authorised to implement the New Share Option Scheme in accordance with the rules stated to grant options and to issue and allot shares of the Company pursuant thereto.

19. Share capital *(Continued)*

Details of the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price per Share HK$	Options (thousands)
As at 1 January 2014	4.97	6,225
Options lapsed	3.00	(1,750)
As at 31 December 2014 and 1 January 2015	5.74	4,475
Options lapsed	5.74	(500)
As at 31 December 2015	5.74	3,975

During the years ended 31 December 2015 and 2014, no share option was granted and exercised.

20. Reserves

	Share premium US$	Capital Reserve (Note) US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
Balance as at 1 January 2015	—	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	119,843,860
Comprehensive income							
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	11,115,954	11,115,954
Other comprehensive (loss)/ income							
Share of post-acquisition reserves of associates	—	(6,536,011)	—	—	—	—	(6,536,011)
Release of post-acquisition reserve upon deemed disposal of an associate	—	(115,712)	—	—	—	—	(115,712)
Exchange differences arising on translation of subsidiaries and associates	—	—	(1,042,416)	—	—	—	(1,042,416)
Release of investment revaluation reserve upon disposal of an available-for-sale financial assets	—	—	—	—	(13,309,997)	—	(13,309,997)
For value gains of available-for-sale financial assets	—	—	—	—	38,095,055	—	38,095,055
Total other comprehensive income/(loss) for the year, net of tax	—	(6,651,723)	(1,042,416)	—	24,785,058	—	17,090,919
Total comprehensive income/ (loss) for the year	—	(6,651,723)	(1,042,416)	—	24,785,058	11,115,954	28,206,873
Balance as at 31 December 2015	—	8,977,992	1,742,702	1,506,549	77,197,368	58,626,122	148,050,733

Note: Capital reserve mainly includes share of post-acquisition reserves of associates.

20. Reserves *(Continued)*

	Share premium US$	Capital Reserve *(Note)* US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
Balance as at 1 January 2014	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	150,631,421
Comprehensive income							
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	9,725,717	9,725,717
Other comprehensive (loss)/ income							
Share of post-acquisition reserves of associates	—	6,471,442	—	—	—	—	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	—	(14,205)	—	—	—	—	(14,205)
Exchange differences arising on translation of subsidiaries and associates	—	—	(761,795)	—	—	—	(761,795)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	—	—	—	(4,773,110)	—	(4,773,110)
Fair value gains of available-for-sale financial assets	—	—	—	—	28,476,879	—	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset — gross	—	—	—	—	(894,008)	—	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	—	—	—	—	89,401	—	89,401
Total other comprehensive income/(loss) for the year, net of tax	—	6,457,237	(761,795)	—	22,899,162	—	28,594,604
Total comprehensive income/ (loss) for the year	—	6,457,237	(761,795)	—	22,899,162	9,725,717	38,320,321
Transfer of reserve upon lapse of share options	—	—	—	(67,332)	—	67,332	—
Transition to no-par value regime on 3 March 2014 *(Note 19)*	(69,107,882)	—	—	—	—	—	(69,107,882)
Balance as at 31 December 2014	—	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	119,843,860

21. Deferred income tax liabilities

The gross movement in the deferred income tax liabilities are as follows:

	2015	2014
	US$	*US$*
As at 1 January	**—**	89,401
Credited to investment revaluation reserve	**—**	(89,401)
As at 31 December	**—**	—

Deferred income tax liabilities represent capital gain tax on unrealised fair value gains on available-for-sale financial assets.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets of US$867,000 (2014: US$710,000) in respect of losses amounting to US$5,256,000 (2014: 4,301,000) that can be carried forward against future taxable income.

Deferred income tax liabilities of US$33,600 (2014: US$39,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of a subsidiary in the PRC. Such temporary differences are not expected to be reversed in the foreseeable future. At 31 December 2015, total unremitted earnings amounted to US$672,000 (2014: US$786,000).

22. Cash used in operations

	2015 US$	2014 US$
Profit before income tax	**11,075,584**	10,650,869
Adjustments for:		
Share of profits less losses of associates	**(74,756)**	(1,902,131)
Bank interest income	**(526,992)**	(606,992)
Dividend income from listed investments	**(283,317)**	(255,423)
Net gains on disposals of available-for-sale financial assets	**(16,149,408)**	(5,993,281)
Net gains on disposals of financial assets at fair value through profit or loss	**(3,972,902)**	(34,069)
Reversal of provision for impairment of loan receivable	**—**	(350,000)
Net fair value losses/(gains) of financial assets at fair value through profit or loss	**716,295**	(316,433)
Net gains on disposals of interest in an associate	**—**	(4,541,206)
Net loss on deemed disposal of interest in an associate	**280,545**	58,630
Provision for impairment loss of an available-for-sale financial asset	**690,388**	491,425
Provision for impairment loss of an associate	**597,243**	—
Changes in working capital:		
Other receivables, prepayments and deposits	**(160,940)**	(24,680)
Other payables and accrued expenses	**58,767**	409,994
Amounts due to related companies	**2,379,702**	(3,975)
Cash used in operations	**(5,369,791)**	(2,417,272)

23. Capital commitments

As at 31 December 2015 and 2014, the Group (excluding associated companies) had no capital commitment that was (i) contracted but not provided for; nor (ii) authorised but not contracted.

The Group's share of capital commitments of an associate are as follows:

	2015 US$	2014 US$
Contracted but not provided for	**7,601,444**	9,468,676
Authorised but not contracted	**16,334,582**	18,082,012

24. Related party transactions

(a) Transactions with related party

Other than disclosed elsewhere in the financial statement during the year, the following transactions with related parties were carried out at prices negotiated and mutually agreed by the respective party.

	2015	2014
	US$	*US$*
China Assets Investment Management Limited ("CAIML"):		
— Management fee paid/payable[#]	**1,745,468**	1,574,992
— Performance bonus[#]	**2,386,532**	—
	4,132,000	1,574,992

Note: CAIML was the investment manager for all investments for the year. The management agreement with CAIML expired on 31 December 2015. Mr. Lo Yuen Yat, the Chairman and an executive director of the Company, is a director of CAIML. Mr. Yeung Wai Kin, a non-executive director of the Company, is a shareholder of CAIML. Mr. Zhao Yu Qiao, a non-executive director of the Company, is an indirect shareholder of CAIML.

[#] These were regarded as continuing connected transactions as defined under Main Board Listing Rules.

(b) Key management compensation

	2015	2014
	US$	*US$*
Salaries and other short-term employee benefits	**205,186**	184,198
Pension costs — defined contribution plan	**2,321**	2,160
	207,507	186,358

(c) The amounts due to related companies are denominated in United States dollars, unsecured, interest-free and repayable on demand.

	2015	2014
	US$	*US$*
Amount due to an associate	**374,008**	397,974
Amount due to a related company *(Note)*	**2,413,636**	9,968
Amounts due to related companies	**2,787,644**	407,942
Loan to an associate *(Note 13)*	**3,045,299**	8,041,300

Note: The amount due to a related company represents management fee and performance bonus payable to CAIML.

25. Balance sheet and reserve movement of the Company

Balance sheet of the Company

	Note	As at 31 December 2015 US$	2014 US$
ASSETS			
Non-current assets			
Investments in subsidiaries		**16,521,673**	17,348,252
Investments in associates		**13,857,026**	13,857,026
Available-for-sale financial assets		**102,190,222**	80,708,893
Total non-current assets		**132,568,921**	111,914,171
Current assets			
Other receivables, prepayments and deposits		**286,728**	93,144
Financial assets at fair value through profit or loss		**5,055,595**	7,004,648
Tax recoverable		**—**	70,253
Short-term bank deposits with initial terms of over three months		**—**	4,144,215
Cash and cash equivalents		**40,074,841**	15,899,791
Total current assets		**45,417,164**	27,212,051
Total assets		**177,986,085**	139,126,222
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**76,783,698**	76,783,698
Reserves	*a*	**97,570,823**	61,150,805
Total equity		**174,354,521**	137,934,503
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**763,745**	704,934
Amounts due to subsidiaries and related companies		**2,851,056**	470,022
Current income tax liabilities		**16,763**	16,763
Total current liabilities		**3,631,564**	1,191,719
Total liabilities		**3,631,564**	1,191,719
Total equity and liabilities		**177,986,085**	139,126,222

The balance sheet of the Company was approved by the Board of Directors on 24 March 2016 and were signed on its behalf.

Lo Yuen Yat
Director

Cheng Sai Wai
Director

25. Balance sheet and reserve movement of the Company *(Continued)*

(a) Reserve movement of the Company

	Share premium US$	Share-based compensation reserve US$	Investment revaluation reserve US$	(Accumulated losses)/ Retained earnings US$	Total US$
Balance as at 1 January 2014	69,107,882	1,573,881	39,538,242	(5,570,280)	104,649,725
Profit for the year	—	—	—	3,682,901	3,682,901
Other comprehensive (loss)/ income:					
Release of investment revaluation reserve upon disposal of an available-for sale financial asset	—	—	(5,746,211)	—	(5,746,211)
Fair value gains of available-for-sale financial assets	—	—	28,476,879	—	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset — gross	—	—	(894,008)	—	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	—	—	89,401	—	89,401
Total comprehensive income for the year	—	—	21,926,061	3,682,901	25,608,962
Transfer of reserve upon lapse of share options	—	(67,332)	—	67,332	—
Transition to no-par value regime on 3 March 2014	(69,107,882)	—	—	—	(69,107,882)
Balance as at 31 December 2014	**—**	**1,506,549**	**61,464,303**	**(1,820,047)**	**61,150,805**
Balance as at 1 January 2015	**—**	**1,506,549**	**61,464,303**	**(1,820,047)**	**61,150,805**
Profit for the year	**—**	**—**	**—**	**13,030,455**	**13,030,455**
Other comprehensive (loss)/ income:					
Release of investment revaluation reserve upon disposal of an available-for sale financial asset	**—**	**—**	**(14,705,492)**	**—**	**(14,705,492)**
Fai value gains of available-for-sale financial assets	**—**	**—**	**38,095,055**	**—**	**38,095,055**
Total comprehensive income for the year	**—**	**—**	**23,389,563**	**13,030,455**	**36,420,018**
Balance as at 31 December 2015	**—**	**1,506,549**	**84,853,866**	**11,210,408**	**97,570,823**

26. Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)

(A) Directors' and chief executives' emoluments

The remuneration of each of the directors for the year ended 31 December 2015 and 2014 is set out below.

	2015 Directors' fee *HK$*	2014 Directors' fee *HK$*
Executive directors		
Mr. Lo Yuen Yat *(Chairman)*	**89,040**	89,040
Ms. Lao Yuan Yuan	**89,040**	89,040
Non-executive directors		
Mr. Yeung Wai Kin	**143,640**	143,640
Mr. Zhao Yu Qiao	**89,040**	89,040
Independent non-executive directors		
Mr. Fan Jia Yan	**200,550**	200,550
Mr. Wu Ming Yu	**165,900**	165,900
Dr. Davide William Maguire	**111,300**	111,300
	888,510	888,510
Equivalent to US$	**114,610**	114,590

(B) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2014: Nil).

(C) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2014: Nil).

(D) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2015, the Company did not pay consideration to any third parties for making available directors' services (2014: Nil).

(E) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2015, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors (2014: Nil).

26. Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) *(Continued)*

(F) Directors' material interests in transactions, arrangements or contracts

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

Five Year Financial Summary

	2015	2014	2013	2012	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Consolidated income statement					
Income	**810**	862	748	845	2,421
Profit/(loss) for the year attributable to equity holders of the Company	**11,116**	9,726	3,269	(20,815)	(1,830)
Consolidated balance sheet					
Interests in associates	**78,006**	72,342	65,922	64,995	66,859
Available-for-sale financial assets	**102,190**	80,709	57,634	49,713	66,115
Current assets	**48,207**	45,692	35,459	31,864	41,652
	228,403	198,743	159,015	146,572	174,626
Current liabilities	**(3,569)**	(2,115)	(619)	(2,154)	(2,037)
Deferred income tax liabilities	**—**	—	(89)	(2,909)	(3,998)
	224,834	196,628	158,307	141,509	168,591
Financed by:					
Share capital	**76,784**	76,784	7,676	7,676	7,676
Reserves	**148,050**	119,844	150,631	133,833	160,915
	224,834	196,628	158,307	141,509	168,591