OPES ASIA DEVELOPMENT LIMITED
華保亞洲發展有限公司*

(Continued into Bermuda with limited liability)
(Stock Code : 810)

2012

ANNUAL REPORT

* For identification purposes only

Contents

OPES ASIA
DEVELOPMENT LIMITED
Annual Report 2012

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Yang Yongdong *(Chief Executive Officer)*
Mr. Chan Yiu Pun Clement
Mr. Zhou Tao David

Independent Non-executive Directors:

Mr. Ku Siu Fun Alex
Ms. Li Meizhen
Mr. Fan Wai Kong Michael

AUDIT COMMITTEE

Mr. Ku Siu Fun Alex *(Chairman)*
Ms. Li Meizhen
Mr. Fan Wai Kong Michael

REMUNERATION COMMITTEE

Mr. Fan Wai Kong Michael *(Chairman)*
Mr. Ku Siu Fun Alex
Ms. Li Meizhen
Mr. Chan Yiu Pun Clement

NOMINATION COMMITTEE

Mr. Ku Siu Fun Alex *(Chairman)*
Ms. Li Meizhen
Mr. Fan Wai Kong Michael
Mr. Yang Yongdong

INVESTMENT COMMITTEE

Mr. He Weiqing *(Chief Investment Officer and Deputy Chief Executive Officer)*
Mr. Chan Yiu Pun Clement
Mr. Shi Chusheng
Mr. Zhou Tao David

COMPANY SECRETARY

Mr. Tsang Wai Wa

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

INVESTMENT MANAGER

China International Capital Limited

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

CUSTODIAN

Standard Chartered Bank (Hong Kong) Limited

SOLICITORS

As to Hong Kong Law

Sidley Austin

As to Bermuda Law

Appleby Hunter Bailhache

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3102-3105, 31/F.,
China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

REGISTRARS IN HONG KONG

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

http://www.irasia.com/listco/hk/opesasia

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

810

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Opes Asia Development Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2012, the Group recorded a revenue of approximately HK$53.59 million (2011: HK$19.68 million), representing an increase of approximately 172.30% as compared with that of last year. The net loss attributable to shareholders for the year ended 31 December 2012 was approximately HK$40.94 million (2011: approximately HK$42.47 million).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

BUSINESS REVIEW

The Company is an investment company pursuant to the Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the year under review, the Group remains principally engaged in listed investments in Hong Kong and in other main stock markets around the world and also in unlisted companies.

The losses attributable to the shareholders for the year ended 31 December 2012 represented:

1) the net investment income from securities of approximately HK$0.93 million (2011: HK$2.65 million);

2) the convertible bond interest income of approximately HK$3.70 million (2011: HK$Nil);

3) the unrealised fair value losses on financial assets at fair value through profit and loss of approximately HK$12.54 million (2011: HK$20.61 million);

4) the impairment loss on available-for-sale financial assets of HK$2.64 million (2011: HK$9.36 million);

5) the fair value decrease in conversion option in respect of the convertible bond receivable of approximately HK$3.89 million (2011: HK$Nil); and

6) the operating expenses of approximately HK$27.32 million (2011: HK$15.63 million). The operating expenses were increased in line with the expansion of the business.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2012, the Group had cash and cash equivalents of approximately HK$12.63 million (2011: HK$30.20 million). The net current assets for the year ended 31 December 2012 was approximately HK$36.33 million (2011: HK$86.07 million), indicating that the Group had adequacy of liquidity. The indebtedness of the Group as at 31 December 2012 was HK$Nil (2011: HK$Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars, Renminbi and Australian dollars. Management of the Group will closely monitor the fluctuation in Renminbi and Australian dollars and take appropriate actions when needed. As at 31 December 2012, the Group does not have any hedging activities for its foreign exchange exposure nor does it adopt any formal hedging policies. The Group had not entered into any financial derivatives during the year.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year under review, there was no material acquisition or disposal of subsidiaries occurred.

SHARE CAPITAL STRUCTURE

On 3 January 2012, a placing was completed pursuant to the Placing Agreement dated 6 December 2011. The Company issued a total of 49,880,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.35 each. The issued share capital of the Company was thus increased from HK$2,494,200 to HK$2,993,000. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company will apply the net proceeds for the general working capital of the Company and potential investments to be identified. Other than this, there was no movement on the share capital of the Company.

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2012, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 December 2012, the Company has 17 full time employees, 13 in Hong Kong, 2 in Shenzhen and 2 in Shanghai.

The Company places high value on the staffs as they are the most valuable assets to grow with the Company. The Company encourages the staffs to be the best in their roles by providing training in diversified fields and address both personal development and work skills. The Company also provides workshops for staffs at different levels to build team spirit and morale. The staffs are rewarded based on Company performance as well as their performance and contribution to the Company.

STAFF COSTS

The Company's total staff costs (including directors' emoluments) for the year under review amounted to HK$7.37 million (2011: HK$5.64 million).

LITIGATION

As mentioned in 2011 annual report, Mr. Cheung Tung Lan, Tony ("Mr. Cheung"), a former Non-executive Director of the Company, applied to the court to take action against the Company and the Company's three Executive Directors under court action number HCMP 447 of 2012 ("the Application"). The Application had been heard on 17 May 2012 and the Court dismissed the Application made by Mr. Cheung and ordered him to pay the legal costs of the Application to both the Company's three Executive Directors and the Company on different basis. After allocatur, total amount which has been received from Mr. Cheung was approximately HK$1,600,000.

On 26 March 2013, the Board took civil action against Mr. Cheung for claiming back the salaries and allowances and other losses that incurred as a result of being indecently appointed as Non-executive Director of the Company because Mr. Cheung did not disclose to the Company and the Stock Exchange according to the Listing Rules that he was convicted due to in breach of the shareholdings disclosure requirements under the Securities and Futures Ordinance on 22 July 2010 and deceived the board of directors ("Board") of the Company to elect him as the Chairman of the Board and Non-executive Director from 18 March 2011 to 17 May 2012.

PROSPECT

Looking forward to the global economy, the United States will once again become the backbone of the promising recovery of global economy; the European debt crisis over Europe is gradually dissipating; the radical economic policies implemented by Japan may perhaps mark the beginning of its further economic recession. The emerging countries have become the signs of vulnerability and risk, unlike in the past in which they were signs of the global economic growth engines.

The United States, which had gradually come out from the financial crisis after striving relentlessly, is considering the QE (quantitative easing) exit, this will nevertheless trouble the global emerging economies. The United States' QE exit may not occur this year, but people's expectation will tumble the flow of global capital funds, thereby resulting capital pull-out from the emerging countries and thereby likely to cause the risk of global financial turmoil. As a leader of the emerging economies, China will no doubt become the focus of attention. It is expected that many financial institutes will give a negative outlook on China economy. We also concur that, since October 2008, as driven by the rapid growth of China economy with accumulating financial leverage, currently, its aggregate social financing capacity has reached an astonishing scale (aggregate social financing amount increased to RMB85 trillion from RMB27 trillion), and with the current economic growth slowing down, enormous financial risk may occur.

While recognising the risk of the China economy, we also noticed two aspects:

Firstly, the sustainability of the China economy. The imbalance regional economic development in China and the huge population consumption spending will provide a buffer for its economic downturn, and this will escalate the sustainability support of its economy.

Secondly, the trend of its economic structure transformation. The China economy is at its transformation stage, and downward economic development trend is inevitable. It is expected that in next three years, China's GDP growth rate will gradually drop from 9% to 7.5% and then to 6.5% and eventually to 6% or even 5%, however, it does not imply the China economy will collapse. Although the decrease in GDP growth rate will exert enormous pressure in employment, however, the fact is it may be true at the early stage, and with deepening economic structural adjustments, small and medium-sized enterprises and service sectors will enjoy more development opportunities, which in turn will help facilitating employment.

For investment market, from our study of the development history of the United States stock markets, it has revealed that, when GDP growth is entering into a time period of moderate growth, it will generate more opportunities in the investment markets. Of course, such deceleration in economic growth and economic structural transformation in China will cause a setback to those industries, such as the cyclical industries, that rely on GDP high growth originally. However, at the same time, this will bring tremendous opportunities for those industries, such as medical, education, pension and internet that represent the future development direction of China. We will continue to seek promising investment targets under such direction.

2013 is the first year of financial deleveraging of the China economy, for which those enterprises and sectors that have applied high leverage will inevitably be exposed to tremendous bombardment. We will pay more attention to the possible liquidity risks that may arise from such situation, thereby trying to avoid those risks brought by the economic fluctuations as a consequence.

Under the principle of prudence, the Company will closely monitor the changes in various marketing factors, in particular the possible policy adjustments of the United States and China. This will benefit us in exploring new investment opportunities and grasping investment timing, and timely assessing and appropriately adjusting its existing investment portfolios to strive to improve investment performance to achieve the long-term value-added goal of the Company's investment portfolio in assets.

On behalf of the Board

Yang Yongdong
Chief Executive Officer

Hong Kong, 23 July 2013

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Yang Yongdong ("Mr. Yang"), aged 44, joined the Company on 15 April 2011. Mr. Yang graduated from Xiamen University and was awarded a Bachelor's Degree of Electronic Engineering. He obtained a Master's Degree of Economics from the Department of International Economic and Trade at Nankai University. Mr. Yang is currently a Doctoral candidate of the Institute of Finance and Banking in the Chinese Academy of Social Sciences. Mr. Yang has over 19 years of experience in financial investment business. He has held senior management positions at a number of investment companies in Mainland China and Hong Kong. Mr. Yang is considerably familiar with the capital investment markets in both Mainland China and Hong Kong, and has in-depth knowledge of the operation of A-shares, B-shares and H-shares. He excels in identifying potential strategic investment opportunities and has extensive experience in equity investments in unlisted companies. He has advanced insight into strategic investments, definitely a sophisticated investment expert in the capital investment markets in Mainland China and Hong Kong.

Mr. Chan Yiu Pun Clement ("Mr. Chan"), aged 55, joined the Company as an Executive Director on 4 September 2012. Mr. Chan holds a Higher Diploma in Accountancy from the Hong Kong Polytechnic and Master of Science in Corporate Governance & Directorship from the Hong Kong Baptist University.

He is a member of The Institute of Financial Planners of Hong Kong Limited and also a Certified Financial Planner (CFPcm) in Hong Kong. Mr. Chan has over 25 years of investment and fund management experience and served as the responsible officer in various investment companies responsible for fund management, including but not limited to funds dealing and operating activities, supervising the activities of dealers' representatives, advising on investments in unit trust and mutual funds and managing investment portfolios. Mr. Chan was a former responsible officer of China International Capital Limited which is the investment manager of the Company and a company licensed to carry out Type 4 (advising in securities) and Type 9 (asset management) regulated activities under Securities and Futures Ordinance (Cap.571) (the "SFO").

Mr. Zhou Tao David ("Mr. Zhou"), aged 42, is a Hong Kong solicitor and PRC lawyer, joined the Company on 30 April 2013. Mr. Zhou holds a Bachelor of Laws degree from Xiamen University and a Bachelor of Laws degree from the Manchester Metropolitan University.

Before joining this company, Mr. Zhou was Assistant Director – Legal of Haitong International Securities Group. He had also worked in China Everbright Holdings Co Ltd for six years during which he had been a Legal Counsel and Assistant General Manager of Legal Department. Mr. Zhou has extensive experience in legal management, risk management, corporate governance, compliance affairs, equity acquisitions and disposal of non-performing assets in financial industry and cross-border legal practice.

Mr. Zhou was a mediator of the Commercial Mediation Commission of the Hong Kong Chinese Enterprises Association and a member of the Standing Committee of the Legal Profession Committee of the Hong Kong Chinese Enterprises Association.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ku Siu Fun Alex ("Mr. Ku"), aged 58, joined the Company on 11 January 2012. Mr. Ku graduated with a Master degree of Business Administration from the Open University and a Bachelor degree of Business Administration from the Chinese University of Hong Kong. He is currently a Fellow of the Society of Register of Financial Planners (FRFP), a Fellow of the Institute of Financial Accountants (FFA), a Fellow of the Hong Kong Institute of Marketing (FHKIM) and a Certified Professional Marketer (CPM). Mr. Ku has gained broad experience in banking and finance with United Overseas Bank, Standard Chartered Bank, Crédit Agricole (formerly known as Banque Indosuez), Citibank N.A. and Citic Bank International (formerly known as Citic Ka Wah Bank). He also worked as a Management Consultant in CCIF CPA for over 5 years with diverse experience and network in business development, enterprise management, merger and acquisition covering investment advisory, fundraising and strategic financial management. Mr. Ku has also been engaged as a trainer and lecturer in various business training programs offered by the Hong Kong Institute of Bankers, Hong Kong Management Association, Hong Kong Polytechnic University, Hong Kong Productivity Council, and Macau Management Association.

Ms. Li Meizhen ("Ms. Li"), aged 44, joined the Company on 1 November 2012. Ms. Li is a PRC solicitor. She received a bachelor's degree in law from Sun Yat-sen University in 1990 and is currently a practicing solicitor and a deputy director of 廣東深鵬律師事務所 (GuangDong ShenPeng Law Firm). Ms. Li has been working as a professional solicitor for a long period of time in the PRC. She has over 20 years of practicing experience with profound professional knowledge and has extensive experiences in dealing with corporate legal affairs as well as economical, civil, criminal, labour and non-litigation cases.

Mr. Fan Wai Kong Michael ("Mr. Fan"), aged 65, joined the Company on 21 May 2013. Mr. Fan has over 25 years of senior management experiences working with various well-known multinational companies across industries including financial services. Mr. Fan is currently Chief Executive Officer of Redford Wealth Planning Limited which provides independent advisory and wealth planning services to high net-worth clients. Mr. Fan holds license of Type 1 (dealing in securities) with Redford Securities Limited and Type 4 (advising in securities) with Redford Asset Management Limited under Securities and Futures Ordinance (Cap. 571) (the "SFO").

Mr. Fan is invited to be lecturers at a number of universities and financial institutions throughout Hong Kong and Mainland China. He currently serves as the President of Hong Kong Society of Economists, Vice President of the Society of Registered Financial Planners and Chairman of China Development Committee, Council Member of the Institute of Financial Accountants UK in Hong Kong and Chairman of China Liaison Committee.

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is principally engaged in investment in listed and unlisted companies established in the People's Republic of China (the "PRC"), Hong Kong, Macau, Australia and the United States.

An analysis of the Group's performance for the year by operating segment is set out in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2012 and the state of affairs at that date are set out in the financial statements on pages 21 to 24.

The Board of Directors do not recommend the payment of a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 27 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the statement of changes in equity on page 25.

DISTRIBUTABLE RESERVES

Under the Companies Act of the Bermuda, the share premium of the Company is available for paying distributions or dividends to the shareholders subject to the provisions of its Bye-Laws and a statutory solvency test. In accordance with Bye-Law 143 the dividends may be declared and paid out of the profits of the Company or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared or paid out of share premium account. The Company's reserves available for distribution amounted to HK$83,876,127 as at 31 December 2012.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated and reclassified as appropriate, is set out on page 90. This summary does not form part of the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company has not purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2012.

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 34 to the financial statements.

As at 31 December 2012, details of the share options granted under the share option scheme (note) of the Company adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002 are as follows:

Grantee	Position	As at 1/1/2012	Lapsed and cancelled during the year	Granted during the year	Transferred	As at 31/12/2012	Exercised price HK$	Grant date	Exercisable period
YANG Yongdong	Executive Director	2,494,000	–	–	–	2,494,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
CHU Wai Lim	Executive Director	600,000	–	–	–	600,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
FONG Son Wa	Executive Director	682,759	–	–	–	682,759	1.538	30/1/2008	30/1/2008 to 29/01/2018
		113,793	–	–	–	113,793	1.494	10/6/2009	10/6/2009 to 9/6/2019
		300,000	–	–	–	300,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
Former Non-executive Director		2,494,000	(2,494,000)	–	–	–	0.65	26/7/2011	26/7/2011 to 25/7/2021
Former Independent Non-executive Directors		600,000	–	–	(600,000)	–	0.65	26/7/2011	26/7/2011 to 25/7/2021
LOOK Andrew	Former substantial shareholder	5,120,690	–	–	–	5,120,690	1.494	10/6/2009	10/6/2009 to 9/6/2019
Employees		113,793	–	–	–	113,793	1.538	30/1/2008	30/1/2008 to 29/01/2018
Employees		113,793	–	–	–	113,793	1.494	10/6/2009	10/6/2009 to 9/6/2019
Employees		300,000	–	–	–	300,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
Consultants		1,706,896	–	–	–	1,706,896	1.538	30/1/2008	30/1/2008 to 29/01/2018
Consultants		5,742,000	–	–	–	5,742,000	1.494	10/6/2009	10/6/2009 to 9/6/2019
Consultants		–	–	–	600,000	600,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
		20,381,724	(2,494,000)	–	–	17,887,724			

Note: The share option scheme adopted on 8 February 2002 had been expired on 7 February 2012 and a new share option scheme had been adopted on 31 July 2012.

DIRECTORS

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

Executive Directors:

Mr. Yang Yongdong *(Chief Executive officer)*	
Mr. Chu Wai Lim	(resigned on 10 January 2013)
Ms. Fong Son Wa	(resigned on 10 January 2013)
Mr. Chan Yiu Pun Clement	(appointed on 4 September 2012)
Mr. Zhou Tao David	(appointed on 30 April 2013)

Non-executive Directors:

Mr. Wang Shiyan	(retired on 31 July 2012)
Mr. Cheung Tung Lan Tony	(removed on 16 May 2012)

Independent Non-executive Directors:

Mr. Chan Yuk Sang	(resigned on 1 July 2012)
Professor Chen Yamin	(resigned on 1 November 2012)
Mr. Ku Siu Fun Alex	(appointed on 11 January 2012)
Mr. Zheng Gang	(appointed on 12 July 2012 and resigned on 10 May 2013)
Ms. Li Meizhen	(appointed on 1 November 2012)
Mr. Fan Wai Kong Michael	(appointed on 21 May 2013)

In accordance with the Company's Bye-laws, Mr. Yang Yongdong, Mr. Chan Yiu Pun Clement, Ms. Li Meizhen, Mr. Zhou Tao David and Mr. Fan Wai Kong Michael will retire at the forthcoming annual general meeting and, being eligible, offers themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2012, the interest and short positions of the directors in the shares, underlying shares or debentures of the company or any of its associated corporations (within the meaning of the Securities And Futures Ordinance ("SFO")) as recorded in the register required to be kept by the company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the company and the Stock Exchange of Hong Kong Limited pursuant to the model code for securities transactions by directors of listed issuers, were as follows:

Long position in the ordinary shares of HK$0.01 each (the "Shares") in the Company

Name of Director	Number of Shares	Type of interest	Percentage of issued share capital
Mr. Yang Yongdong	2,494,000 (note 1)	Beneficial	0.83%
Mr. Chu Wai Lim	1,950,000 (note 2)	Beneficial	0.65%
Ms. Fong Son Wa	1,396,552 (note 3)	Beneficial	0.47%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION — continued

Note:

(1) This represented the shares options granted by the Company.

(2) 600,000 are the share options granted by the Company and 1,350,000 are shares of the Company.

(3) 1,096,552 are the share options granted by the Company and 300,000 are shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 34 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2012, the register of substantial shareholders maintained by the Company under Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital or share options.

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Cheung Tung Lan Tony	Beneficial	25,500,000	8.51%
Wang Chang Limited	Corporate interest (note 1)	23,120,000	7.72%
Culturecom Investments Limited	Corporate interest (note 2)	15,869,000	5.30%
Winway H.K. Investments Limited	Corporate interest (note 2)	15,194,000	5.07%

Note:

1) The beneficial owner is Mr. Cheung Man Cheong;

2) Both of them are the indirectly owned subsidiaries of Culturecom Holdings Limited.

Save as disclosed above, as at 31 December 2012, no person, other than the Director whose interests are set out in the section "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONTINUING CONNECTED TRANSACTION

Investment management agreement

On 4 May 2011, the Company had entered into a new investment management agreement ("IM Agreement") to appoint China International Capital Limited ("CICL") as the Company's new investment manager which provides the Company with investment management services for a term of two years commencing from 4 May 2011 to 3 May 2013. Pursuant to Rule 21.13 of the Listing Rules, an investment manager shall be regarded as a connected person of the Company. Therefore, the entering into of the IM Agreement with CICL constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. According to the terms and conditions of the IM Agreement, the Company shall pay to CICL an annual management fee not exceeding HK$4,000,000. The management fee paid or payable to CICL during the year ended 31 December 2012 was HK$2,245,445. For further details, please refer to note 33 to the financial statements.

The continuing connected transactions have been reviewed by the Independent Non-executive Directors who have confirmed that the transactions had been entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on normal commercial terms;

(c) in accordance with the relevant agreement governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(d) have not exceeded the relevant maximum amount capped in accordance with the annual caps as set out in the relevant public announcements.

HLB Hodgson Impey Cheng Limited ("HLB"), the Company's independent auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. HLB have issued a letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with relevant clauses of Rule 14A.38 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

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

MANAGEMENT CONTRACTS

Except as detailed in note 33 to the financial statements, no 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.

AUDITORS

Messrs. FTW & Partners CPA Limited retired as auditors of the Company on 31 July 2012 and HLB was appointed as auditors of the Company on 15 August 2012 to fill the casual vacancy so arising. The accounts for the year were audited by HLB whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Yiu Pun Clement
Executive Director

Hong Kong, 23 July 2013

Corporate Governance Report

The Board is committed to maintain sound corporate governance standard and formulate and implement procedures to ensure integrity, transparency and quality of disclosure in order to promote the ongoing development of the best long term interest of the Company and enhance value for all of its shareholders.

The Board has reviewed the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has adopted the same as the Company's own code of corporate governance practices. During the financial year ended 31 December 2012, the Company has complied with all of the provisions under the CG Code except for the following deviation:

CODE A.2.1

Since the chairmanship of Mr. Cheung Tung Lan Tony, the ex-chairman of the Company, was removed on 16 May 2012, there was no such position so far.

CODE A.4.1

All the Independent Non-executive directors were not appointed for a specific term, however, their appointment are subject to re-election.

CODE A.6.7

Mr. Wang Shiyan, the former Non-executive director of the Company, Professor Chen Yamin and Mr. Zheng Gang, the former Independent Non-executive director did not attend the annual general meeting held on 31 July 2012 due to their business commitments.

THE BOARD

The Board has overall responsibility for the management of the Company and the implementation of the investment policy of the Company, which includes, inter alia, the adoption of long term corporate strategies, assessment of investment projects, supervision of the management of the Company to ensure that the Company's investments are conducted in accordance with the objectives of the Company, and reviewing financial performance. The Company's investment portfolio is managed by China International Capital Limited as Investment Manager of the Company during the year ended 31 December 2012 in accordance with the terms and conditions of an investment management agreement entered into between the Company and the Investment Manager.

The Board currently has six Directors, among them, three are Executive Directors and three are Independent Non-executive Directors.

The Board held 28 meetings during the year ended 31 December 2012 and the attendance of each Director is set out below:

	Attendance of the board meeting
Executive Directors:	
Mr. Yang Yongdong	28/28
Mr. Chu Wai Lim	28/28
Ms. Fong Son Wa	28/28
Mr. Chan Yiu Pun Clement (appointed on 4 September 2012)	5/5
Non-executive Directors:	
Cheung Tung Lan Tony (removed on 16 May 2012)	4/5
Wang Shiyan (retired on 31 July 2012)	3/10

THE BOARD — continued

	Attendance of the board meeting
Independent Non-executive Directors:	
Mr. Chan Yuk Sang (resigned on 1 July 2012)	10/11
Professor Chen Yamin (resigned on 1 November 2012)	6/14
Mr. Ku Siu Fun Alex (appointed on 11 January 2012)	17/17
Mr. Zheng Gang (appointed on 12 July 2012)	8/8
Ms. Li Meizhen (appointed on 1 November 2012)	3/3

To the best knowledge of the Board, there is no financial, business or family relationship among members of the Board as at 31 December 2012. All of them are free to exercise their individual judgment.

Each of the Independent Non-executive Directors has given the Company an annual confirmation of his/her independence. The Company considers such Directors to be independent under the guidelines set out in rule 3.13 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Under the code provision A.4.1, Non-executive Directors should be appointed for a specific term, subject to re-election. The current Independent Non-executive Directors of the Company are not appointed for a specific term. However, all Directors (including Executive and Non-executive) of the Company are subject to retirement by rotation at the annual general meeting as specified in the bye-laws of the Company.

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company does not have a Chairman after the removal of the former chairman on 16 May 2012.

THE BOARD COMMITTEES

Audit Committee

The Company established an Audit Committee on 25 January 2002 with its written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee currently consists of three Independent Non-executive Directors, namely Mr. Ku Siu Fun Alex, Ms. Li Meizhen and Mr. Fan Wai Kong Michael. Mr. Ku Siu Fun Alex is the Chairman of the Audit Committee.

The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee met regularly during the year to review the completeness, accuracy and fairness of the Company's financial statements, the Company's financial reporting system and internal control procedures, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Audit Committee is also responsible for reviewing the Company's interim and annual financial statements and making recommendations as to the approval of the Company's interim and annual financial statements by the Board. The attendance of each member during the year ended 31 December 2012 is set out below:

Name of Director	Number of meetings attended
Mr. Chan Yuk Sang (resigned on 1 July 2012)	3/3
Professor Chen Yamin (resigned on 1 November 2012)	2/4
Mr. Ku Siu Fun, Alex (appointed on 11 January 2012)	4/4
Mr. Zheng Gang (appointed on 12 July 2012)	1/1
Ms. Li Meizhen (appointed on 1 November 2012)	N/A

THE BOARD COMMITTEES — continued

Remuneration Committee

The Board established a Remuneration Committee ("Committee") on 30 August 2005 to review and make recommendations to the Board on matters relating to the remuneration of the Directors and the senior management of the Company. The Committee currently consists of three Independent Non-executive Directors and one Executive Director, namely Mr. Fan Wai Kong Michael (Independent Non-executive Director), Mr. Ku Siu Fun Alex (Independent Non-executive Director), Ms. Li Meizhen (Independent Non-executive Director) and Mr. Chan Yiu Pun Clement (Executive Director). Mr. Fan Wai Kong Michael is the Chairman of the Committee.

The Remuneration Committee has adopted terms of reference which are in line with the CG Code to review the remuneration policy and remuneration packages of the Executive Directors. During the year ended 31 December 2012, the attendance of each member is set out below:

Name of Director	Number of meetings attended
Mr. Chu Wai Lim	2/2
Mr. Chan Yuk Sang (resigned on 1 July 2012)	1/2
Mr. Ku Siu Fun, Alex (appointed on 11 January 2012)	2/2
Mr. Zheng Gang (appointed on 12 July 2012)	N/A
Ms. Li Meizhen (appointed on 1 November 2012)	N/A

Nomination Committee and Nomination Procedures

The Nomination Committee ("Committee") was established on 23 March 2012. Currently, the Committee consists of three Independent Non-executive Directors and one Executive Director, namely Mr. Ku Siu Fun Alex (Independent Non-executive Director), Ms. Li Meizhen (Independent Non-executive Director), Mr. Fan Wai Kong Michael (Independent Non-executive Director) and Mr. Yang Yongdong (Executive Director). Mr. Ku Siu Fun Alex is the Chairman of the Committee.

Current practice of appointment of new Directors is that all valid nomination of candidates, accompanied with related details of their biographies for directorships in the Company would be brought before the Committee for consideration as soon as practicable. Consideration would be given to factors such as the candidate's experience and qualifications relevant to the Company's business. It is believed that members of the Committee would collectively have the required professional knowledge and skills in discharging the Committee responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

On specific enquires made, all Directors have confirmed that, in respect of the year ended 31 December 2012, they have complied with the required standard as set out in the Model Code.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls and risk management of the Company and the review of its effectiveness. During the year, the Board has reviewed and ensured the internal control process was properly carried out in making investment or divestment decision with the Investment Manager of the Company; documents and records were properly maintained; and the investment or divestment was in compliance with relevant legislations and regulations.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements.

The statement of the external auditors of the Company, HLB Hodgson Impey Cheng Limited, with regard to their reporting responsibilities on the Company's financial statements is set out in the Independent Auditor's Report on pages 19 to 20.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, 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.

AUDITOR'S REMUNERATION

For the year ended 31 December 2012, services provided to the Company by its external auditor, HLB Hodgson Impey Cheng Limited, the fees paid/payable were as follows:

	HK$
Audit services	290,000

DIRECTOR'S TRAINING

Directors' continuous training and development

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant. The directors are committed to complying with the CG Code A6.5 which came into effect on 1 April 2012 on directors' training. All directors have participated in continuous professional development by attending seminars and/or studying materials relevant to director's duties and responsibility and provided a record of training they received for the financial year ended 31 December 2012 to the Company.

DIRECTORS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for Directors' liabilities in respect of potential legal actions against the Directors arising out of corporate activities of the Group pursuant to Code Provision A.1.8 of the new CG Code. Such directors' liability insurance will be reviewed and renewed annually.

Throughout the year ended 31 December 2012, no claim has been made against the Directors.

COMPANY SECRETARY

The Company Secretary of the Company is Mr. Tsang Wai Wa, who was appointed by the Board on 18 January 2012.

During the year, Mr. Tsang has undertaken sufficient hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for directing shareholders' enquires to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Suite 3102-3105, 31/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Email: info@hk0810.com

Shareholders may also make enquires with Board at the general meetings of the Company.

Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's principal place of business in Hong Kong at Suite 3102-3105, 31/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, for the attention of the Company Secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

Procedures for shareholders to convene a Special General Meeting (the "SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2012, there have been changes in the Company's constitutional documents. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Stock Exchange.

The Company continues to improve its corporate governance and believes it is fundamental for the development of the Company as well as for the benefits of the shareholders. The Board is pleased to confirm that the Company has complied with the Code applicable during the year.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OPES ASIA DEVELOPMENT LIMITED
(Continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Opes Asia Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 89, which comprise the consolidated and the Company statements of financial position as at 31 December 2012, 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditors' Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by another auditors who expressed an unqualified opinion on those statements on 4 June 2012.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 23 July 2013

Consolidated Income Statement

For the year ended 31 December 2012

	Note	2012 HK$	2011 HK$
Turnover	9	**53,590,928**	19,686,234
Cost of equity securities disposed of		**(52,660,905)**	(17,029,332)
Change in fair value of derivative component in convertible bond receivable	20	**(3,890,460)**	–
Unrealised fair value change on financial assets at fair value through profit or loss		**(12,544,282)**	(20,616,567)
Impairment loss on available-for-sale financial assets		**(2,640,000)**	(9,360,000)
Interest income on convertible bond		**3,705,212**	–
Dividend income		**472,184**	475,663
Gross loss		**(13,967,323)**	(26,844,002)
Other income	10	**371,107**	3,975
Administrative expenses		**(24,164,549)**	(13,133,048)
Other operating expenses		**(3,159,098)**	(2,500,088)
Finance costs	13	**(3,578)**	(18)
Loss before income tax	11	**(40,923,441)**	(42,473,181)
Income tax expenses	14	**(21,945)**	–
Loss for the year		**(40,945,386)**	(42,473,181)
Loss per share attributable to owners of the Company	16		
Basic (HK cents)		**(13.7)**	(19.2)
Diluted (HK cents)		**(13.7)**	(19.2)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 HK$	2011 HK$
Loss for the year	**(40,945,386)**	(42,473,181)
Other comprehensive (loss)/income, net of income tax:		
Changes in fair value of available-for-sale financial assets	**(3,280,718)**	(1,725,000)
Exchange differences arising from translation of foreign operations	**4,914**	–
Other comprehensive loss for the year, net of income tax	**(3,275,804)**	(1,725,000)
Total comprehensive loss for the year	**(44,221,190)**	(44,198,181)
Total comprehensive loss attributable to owners of the Company	**(44,221,190)**	(44,198,181)

	Note	2012 HK$	2011 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	17	**3,381,513**	1,682,134
Intangible asset	19	**120,000**	–
Convertible bond receivable	20	**21,672,209**	–
Derivative component in convertible bond receivable	20	**185,850**	–
Available-for-sale financial assets	21	**15,414,282**	9,735,000
Financial assets at fair value through profit or loss	22	**9,808,750**	16,815,000
		50,582,604	28,232,134
Current assets			
Financial assets at fair value through profit or loss	22	**16,125,018**	49,608,810
Deposits for acquisition of investments	23	**5,000,000**	5,000,000
Other receivables, prepayments, deposits	25	**4,302,866**	4,888,999
Cash and cash equivalents	26	**12,637,602**	30,206,869
		38,065,486	89,704,678
Total assets		**88,648,090**	117,936,812
EQUITY			
Equity attributable to the owners of the Company			
Share capital	27	**2,993,000**	2,494,200
Reserves		**83,928,079**	111,808,582
Total equity		**86,921,079**	114,302,782
LIABILITIES			
Current liabilities			
Other payables and accruals	29	**1,721,394**	3,634,030
Tax payables		**5,617**	–
Total liabilities		**1,727,011**	3,634,030
Total equity and liabilities		**88,648,090**	117,936,812
Net current assets		**36,338,475**	86,070,648
Total assets less current liabilities		**86,921,079**	114,302,782

Approved by the Board on 23 July 2013 and signed on its behalf by:

Yang Yongdong
Director

Chan Yiu Pun Clement
Director

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

At 31 December 2012

	Note	2012 HK$	2011 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	17	**3,346,491**	1,682,134
Interests in subsidiaries	18	**83**	27
Intangible asset	19	**120,000**	–
Available-for-sale financial assets	21	**6,308,000**	9,735,000
Financial assets at fair value through profit or loss	22	**9,808,750**	16,815,000
		19,583,324	28,232,161
Current assets			
Amounts due from subsidiaries	18	**49,699,889**	294,050
Financial assets at fair value through profit or loss	22	**16,125,018**	49,608,810
Deposits for acquisition of investments	23	**–**	5,000,000
Other receivables, prepayments, deposits	25	**1,255,506**	4,888,999
Cash and cash equivalents	26	**1,794,422**	29,919,842
		68,874,835	89,711,701
Total assets		**88,458,159**	117,943,862
EQUITY			
Equity attributable to the owners of the Company			
Share capital	27	**2,993,000**	2,494,200
Reserves	28	**83,876,127**	111,815,632
Total equity		**86,869,127**	114,309,832
LIABILITIES			
Current liabilities			
Other payables and accruals	29	**1,589,032**	3,634,030
Total liabilities		**1,589,032**	3,634,030
Total equity and liabilities		**88,458,159**	117,943,862
Net current assets		**67,285,803**	86,077,671
Total assets less current liabilities		**86,869,127**	114,309,832

Approved by the Board on 23 July 2013 and signed on its behalf by:

Yang Yongdong
Director

Chan Yiu Pun Clement
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to the owners of the Company							
	Share capital HK$	Share premium HK$	Contributed surplus HK$	Share-based payments reserve HK$	Available-for-sale fair value reserve HK$	Translation reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2011	1,630,200	48,838,530	61,305,993	6,133,463	–	–	(20,840,527)	97,067,659
Loss for the year	–	–	–	–	–	–	(42,473,181)	(42,473,181)
Other comprehensive loss for the year, net of income tax	–	–	–	–	(1,725,000)	–	–	(1,725,000)
Total comprehensive loss for the year, net of income tax	–	–	–	–	(1,725,000)	–	(42,473,181)	(44,198,181)
Share options lapsed and cancelled during the year	–	–	–	(1,725,081)	–	–	1,725,081	–
Share options granted during the year	–	–	–	1,846,336	–	–	–	1,846,336
Proceeds from placing of new shares	32,600	3,422,658	–	–	–	–	–	3,455,258
Proceeds from open offer	831,400	55,300,310	–	–	–	–	–	56,131,710
Transfer to contributed surplus	–	(107,561,498)	107,561,498	–	–	–	–	–
Elimination of accumulated losses against contributed surplus	–	–	(44,463,618)	–	–	–	44,463,618	–
At 31 December 2011 and 1 January 2012, as restated	2,494,200	–	124,403,873	6,254,718	(1,725,000)	–	(17,125,009)	114,302,782
Loss for the year	–	–	–	–	–	–	(40,945,386)	(40,945,386)
Other comprehensive (loss)/income for the year, net of income tax	–	–	–	–	(3,280,718)	4,914	–	(3,275,804)
Total comprehensive loss for the year, net of income tax	–	–	–	–	(3,280,718)	4,914	(40,945,386)	(44,221,190)
Proceeds from placing of new shares	498,800	16,959,200	–	–	–	–	–	17,458,000
Issuing expenses of placing of new shares	–	(618,513)	–	–	–	–	–	(618,513)
Share options lapsed during the year	–	–	–	(678,368)	–	–	678,368	–
At 31 December 2012	**2,993,000**	**16,340,687**	**124,403,873**	**5,576,350**	**(5,005,718)**	**4,914**	**(57,392,027)**	**86,921,079**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 HK$	2011 HK$
Cash flow from operating activities		
Loss before income tax	**(40,923,441)**	(42,473,181)
Adjustments for:		
Change in fair value of derivative component in convertible bond receivable	**3,890,460**	–
Depreciation	**934,928**	152,709
Impairment loss on available-for-sale financial assets	**2,640,000**	9,360,000
Impairment loss on other receivables	**2,640,000**	–
Interest income	**(4,076,168)**	(3,975)
Interest expenses on bank overdrafts	**3,578**	18
Share options granted for the year	**–**	1,846,336
Realised losses/(gain) on financial assets at fair value through profit or loss	**1,709,977**	(16,902)
Unrealised exchange gain	**(100,000)**	–
Unrealised fair value change on financial assets at fair value through profit or loss	**12,544,282**	20,616,567
Operating loss before working capital changes	**(20,736,384)**	(10,518,428)
Proceeds from disposal of financial assets at fair value through profit or loss	**50,950,928**	17,046,234
Payment for purchases of financial assets at fair value through profit or loss	**(24,715,145)**	(55,676,252)
Decrease in other receivables, prepayments and deposits	**682,826**	1,036,635
Increase in deposits for acquisition of investments	**(5,000,000)**	(5,000,000)
(Decrease)/increase other payables and accruals	**(1,912,636)**	3,273,316
Cash used in operations	**(730,411)**	(49,838,495)
Interest paid	**(3,578)**	(18)
The PRC enterprise income tax paid	**(16,328)**	–
Net cash used in operating activities	**(750,317)**	(49,838,513)
Cash flows from investing activities		
Purchases of intangible assets	**(120,000)**	–
Purchases of property, plant and equipment	**(2,634,307)**	(1,733,146)
Purchases of available-for-sale financial assets	**(11,600,000)**	–
Purchases of convertible bonds	**(19,680,000)**	–
Interest received	**370,956**	3,975
Net cash used in investing activities	**(33,663,351)**	(1,729,171)

	2012 HK$	2011 HK$
Cash flows from financing activities		
Net proceeds from placing of new ordinary shares	**16,839,487**	3,455,258
Net proceeds from open offer	**–**	56,131,710
Net cash generated from financing activities	**16,839,487**	59,586,968
Net (decrease)/increase in cash and cash equivalents	**(17,574,181)**	8,019,284
Cash and cash equivalents at beginning of year	**30,206,869**	22,187,585
Effect of foreign exchange rate changes on balance of cash held in foreign currencies	**4,914**	–
Cash and cash equivalents at end of year	**12,637,602**	30,206,869
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**12,637,602**	30,206,869

The accompanying notes form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Opes Asia Development Limited (the "Company") is principally engaged in investment in listed and unlisted companies established in the People's Republic of China (the "PRC"), Hong Kong, Australia, Macau and the United States while it has substantial operations in Hong Kong, in order to achieve medium to long term capital appreciation.

The Company is a limited liability company continued into Bermuda as an exempted company under the laws of Bermuda. The address of the Company's registered office is Canon's court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is Units 3102-3105, 31/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. These consolidated financial statements were approved for issue by the Board of Directors ("the Board") on 23 July 2013.

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial period beginning 1 January 2012. A summary of the new HKFRSs are set out as below:

HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The application of these new HKFRSs has no material impact on the amounts reported for the current year and prior years.

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

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Dates of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10,11 & 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC) – Int 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

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

Annual Improvements to HKFRSs 2009-2011 Cycle

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments to HKFRSs include:

HKAS 1 (Amendments)

– HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

– The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

– The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*.

These amendments are effective from 1 January 2013, with earlier application permitted.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

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

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

New and revised standards on consolidation, joint arrangements, associates and disclosures

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures — continued

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

HKAS 19 (Amendments) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

HKAS 36 (Amendments) Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

3. RESTATEMENTS DUE TO CORRECTION OF PRIOR YEAR ERROR

In preparing the Group's consolidated financial statements for the year ended 31 December 2012, the Group has identified an error in its consolidated financial statements for the year ended 31 December 2011. The error was related to the presentation of fair value change in available-for-sale financial asset made.

In prior year, a reclassification adjustment was presented to reclassify the cumulative fair value losses in available-for-sale fair value reserve to accumulated losses.

However, in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, the fair value change shall be accumulated in the available-for-sale fair value reserve except for impairment losses. Until the available-for-sale financial asset is derecognised or impaired, the cumulative gain or loss in available-for-sale fair value reserve shall be reclassified from equity to profit or loss. This is because neither the available-for-sale financial asset is impaired nor is derecognised, the cumulative fair losses in available-for-sale fair value reserve should not be reclassified to accumulated losses for the year ended 31 December 2011. As a result, the cumulative fair value losses in available-for-sale fair value reserve should be increased by HK$1,725,000 and the accumulated losses should be decreased by the same amount. There was no effect on profit or loss for the year ended 31 December 2011.

3. RESTATEMENTS DUE TO CORRECTION OF PRIOR YEAR ERROR — continued

Summary of the effect of correction of prior year's error on the Company's and the Group's statements of financial position are disclosed below:

Consolidated statement of financial position as at 31 December 2011

	As previously reported	Effect of correction of prior-year error	As restated
	HK$	HK$	HK$
Available-for-sale fair value reserve	–	(1,725,000)	(1,725,000)
Accumulated losses	(18,850,009)	1,725,000	(17,125,009)

Statement of financial position as at 31 December 2011

	As previously reported	Effect of correction of prior-year error	As restated
	HK$	HK$	HK$
Available-for-sale fair value reserve	–	(1,725,000)	(1,725,000)
Accumulated losses	(18,842,959)	1,725,000	(17,117,959)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments (including derivative financial instruments) that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(a) Basis of consolidation — continued

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

(b) Subsidiaries

Subsidiaries are entities over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of the entities so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable at the reporting date.

(c) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

(i) Sales of equity securities

The Group invested in equity securities. Sales of listed and unlisted securities are recognised when instructions for sales given to securities brokers are properly executed thereafter.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, 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 is recognised using the original effective interest rate.

(iii) Dividend income

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

(iv) Investment income

Investment income is recognised on an accrued basis in accordance with the substance of the relevant agreements.

4. 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) Employee benefits

(i) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iii) Share-based payment transactions

The Company operates an equity-settled, share-based payment transactions, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. 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, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(f) Taxation

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(g) Foreign currencies

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

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

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

(b) exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

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

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

(h) Property, plant and equipment

Plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(h) Property, plant and equipment — continued

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	:	Over the lease term
Office furniture and fixtures	:	5 years
Motor vehicle	:	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed and adjusted if appropriate, at least at each financial year end.

An item of plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(i) Intangible assets

Intangible assets representing a club membership with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(j) Impairment of non-financial assets (other than goodwill)

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(j) Impairment of non-financial assets (other than goodwill) — continued

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

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

(k) Financial instruments

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

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

Financial assets

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(k) Financial instruments— continued

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including convertible bond receivables, other receivables, deposits for acquisition of investments and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy-impairment of financial assets below).

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(k) Financial instruments — continued

Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment reserve is reclassified to profit or loss (see accounting policies on impairment of financial assets below).

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(k) Financial instruments — continued

Impairment of financial assets — continued

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

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

Other financial liabilities

Other financial liabilities (including other payables and accruals) are subsequently measured at amortised cost using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(k) Financial instruments — continued

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(l) Leasing

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

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Provisions

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

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

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

(n) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the Group and Company statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

(o) Related party transactions

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

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

(ii) has significant influence over the Group; or

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

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

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

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

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

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

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

The Group

	2012	2011
	HK$	HK$
Financial assets		
Loan and receivables (including cash and bank balances)		
– Convertible bond receivable	**21,672,209**	–
– Other receivables and deposits	**4,065,205**	4,564,556
– Deposits for acquisition of investments	**5,000,000**	5,000,000
– Cash and cash equivalents	**12,637,602**	30,206,869
Derivative component in convertible bond receivable	**185,850**	–
Financial assets at fair value through profit or loss	**25,933,768**	66,423,810
Available-for-sale financial assets	**15,414,282**	9,735,000
	84,908,916	115,930,235
Financial liabilities		
Amortised costs		
– Other payables and accruals	**1,721,394**	3,634,030

The Company

	2012	2011
	HK$	HK$
Financial assets		
Loan and receivables (including cash and bank balances)		
– Other receivables and deposits	**1,027,324**	4,564,556
– Deposits for acquisition of investments	**–**	5,000,000
– Amount due from subsidiaries	**49,699,889**	294,050
– Cash and cash equivalents	**1,794,422**	29,919,842
Financial assets at fair value through profit or loss	**25,933,768**	66,423,810
Available-for-sale financial assets	**6,308,000**	9,735,000
	84,763,403	115,937,258
Financial liabilities		
Amortised costs		
– Other payables and accruals	**1,589,032**	3,634,030

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — continued

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, available-for-sale financial assets, convertible bond receivable, derivative component in convertible bond receivable, other receivable and deposits, deposits for acquisition of investments, cash and cash equivalents and other payables and accruals.

The main risks arising from the Group's financial instruments are foreign currency risk, equity price risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has certain investments in the Australian Securities Exchange Limited, the Shenzhen Stock Exchange (which was disposed of during the year ended 31 December 2012) and the New York Stock Exchange Euronext, whose net assets are exposed to foreign currency translation risk with respect to Australian Dollar ("AUD"), Renminbi ("RMB") and United States Dollar ("USD"). The Group currently does not have any foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2012, the carrying amount of investment held for trading denominated in AUD is zero (2011: AUD1,048,168, approximately 11% of the Group's total investment). The carrying amount of investment held for trading denominated in USD is approximately 2% of the Group's total investment as at 31 December 2012 (2011: Nil). Also, the carrying amount of convertible bond receivable and derivative component in convertible bond receivable denominated in RMB is RMB17,491,694 and RMB150,000, approximately 35% of the Group's total investment (2011: Nil).

The following table demonstrates the Group's sensitivity analysis at the end of the reporting period to a reasonably possible change in RMB (2011: AUD), with all other variables held constant, of the Group's loss before income tax. No sensitivity analysis in USD is made as the foreign exchange exposure on USD against HK$ is considered to be minimal since HK$ is linked with the USD.

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK$
2012		
If HK$ weakens against RMB	**10**	**2,468,000**
If HK$ strengthens against RMB	**(10)**	**(2,468,000)**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — continued

(b) Financial risk management objectives and policies — continued

Foreign currency risk — continued

	Increase/ (decrease) in AUD rate %	Increase/ (decrease) in profit before tax HK$
2011		
If HK$ weakens against AUD	10	827,298
If HK$ strengthens against AUD	(10)	(827,298)

The Group does not have significant exposure to foreign currency risk as most of its investments are denominated in Hong Kong dollars. The foreign currency exchange rate fluctuations in connection with the Group's foreign currency denominated financial assets at fair value through profit or loss only amount to approximately 0.1% (2011: 0.7%) of total assets and are not significant.

Equity price risk

The Group is exposed to equity price risk through its financial assets at fair value through profit or loss. The management manages the exposure by maintaining a portfolio of equity investments with different risk profiles.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been increased/decreased by 10%,

- the Group's loss for the year ended 31 December 2012 would have decreased/increased by HK$2,593,377 (2011: loss would have decreased/increased by HK$6,642,382) as a result of the changes in fair value on financial assets at fair value through profit or loss.

In order to minimise equity price risk, management has established an investment committee to consider investment proposals received from investment advisor and/or the Company's Investment Officers.

Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets and liabilities other than bank deposits which are carried at variable rate, the Group's cash flow interest rate risk relates primarily to bank deposits.

The Group's fair value interest rate risk relates primarily to fixed rate convertible bond receivable.

The management considers that the Group's exposure to future cash flow risk on variable-rate bank balances as a result of the change of market interest rate is insignificant and thus variable-rate bank balances are not included in the sensitivity analysis.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — continued

(b) Financial risk management objectives and policies — continued

Credit risk

Credit risk refers to the risk the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. As at 31 December 2012, the carrying amount of cash at bank and security agents, deposits for acquisition of investments and other receivables, in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has significant concentration of credit risk on other receivables as the other receivables are mainly attributable from certain limited counterparties.

In order to minimise credit risk, management has delegated a team to be responsible for the monitoring procedures. In addition, management reviews the recoverable amount of the deposits for acquisition of investments and other receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

For the other investments, financial assets at fair value through profit or loss and available-for-sale financial assets, convertible bond receivable, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

The Group's liquid funds are deposited with banks in Hong Kong with highrating and only small portions of the fund are deposited with securities dealers in Hong Kong.

The Group has limited credit risk with its banks and financial institution which are leading, reputable and assessed as having low credit risk. The Group has not had any significant loss arising from nonperformance by those parties in the past and management does not expect so in the future.

The table below shows the balances of the major counterparties at the end of the reporting period.

		2012	2011
		HK$	HK$
Counterparty	Rating		
Standard Chartered Bank (HK) Limited	A+/Stable/AA-	**1,591,914**	29,898,299
Hang Seng Bank Limited	AA-/Stable/AA1	**201,617**	210,787
Hong Kong Bank	A+/Stable/AA2	**10,365,021**	76,240
Bank of East Asia (HK) Limited	A-/Stable/A2	**–**	19,547
		12,158,552	30,204,873

The carrying amount of these balances substantially represents the Group's maximum exposure to credit risk as at 31 December 2012 and 2011.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — continued

(b) Financial risk management objectives and policies — continued

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's funding and liquidity management requirements. The Group has no significant liquidity risk. The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The Group

	Carrying amount HK$	**Less than one year HK$**
31 December 2012		
Other payables and accruals	**1,721,394**	**1,721,394**

	Carrying amount HK$	Less than one year HK$
31 December 2011		
Other payables and accruals	3,634,030	3,634,030

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — continued

(b) Financial risk management objectives and policies — continued

Liquidity risk — continued

The Company

	Carrying amount HK$	**Less than one year HK$**
31 December 2012		
Other payables and accruals	**1,589,032**	**1,589,032**

	Carrying amount HK$	Less than one year HK$
31 December 2011		
Other payables and accruals	3,634,030	3,634,030

(c) Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black-Scholes option pricing model).

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the combined financial statements approximate their fair values.

	Carrying amount HK$	**Fair value HK$**
31 December 2012		
Convertible bond receivable	**21,672,209**	**24,358,740**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — continued

(c) Fair value estimation — continued

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Levels 1 and 2 in the current year and prior year.

The Group held the following assets and liabilities measured at fair value.

2012	**Level 1 HK$**	**Level 2 HK$**	**Level 3 HK$**	**Total HK$**
Financial assets				
Financial assets at fair value through profit or loss	**25,933,768**	**–**	**–**	**25,933,768**
Derivative component in convertible bond receivable	**–**	**–**	**185,850**	**185,850**
Available-for-sale financial assets	**–**	**–**	**15,414,282**	**15,414,282**
Total	**25,933,768**	**–**	**15,600,132**	**41,533,900**

2011	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Financial assets				
Financial assets at fair value through profit or loss	66,423,810	–	–	66,423,810
Available-for-sale financial assets	–	–	7,095,000	7,095,000
Total	66,423,810	–	7,095,000	73,518,810

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — continued

(c) Fair value estimation — continued

Reconciliation of Level 3 fair value measurements of financial assets

2012	**Unlisted equity securities HK$**	**Derivative component in convertible bond receivable HK$**	**Total HK$**
As at 1 January 2012	**7,095,000**	**–**	**7,095,000**
Gain or losses recognised in:			
– profit or loss	**–**	**(3,874,010)**	**(3,874,010)**
– other comprehensive income	**(3,280,718)**	**–**	**(3,280,718)**
Additions	**11,600,000**	**4,059,860**	**15,659,860**
As at 31 December 2012	**15,414,282**	**185,850**	**15,600,132**

2011	Unlisted equity securities HK$
As at 1 January 2011	8,820,000
Gain or losses recognised in:	
– other comprehensive income	(1,725,000)
As at 31 December 2011	7,095,000

6. 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. The Group's overall strategy remains unchanged from prior years.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position). Total capital is calculated as "total equity", as shown in the consolidated statement of financial position. The gearing ratios as at 31 December 2012 and 2011 were as follows:

	2012 **HK$**	2011 HK$
Total borrowings	**–**	–
Total equity	**86,921,079**	114,302,782
Gearing ratio	**Nil**	Nil

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical accounting estimates and assumptions

(i) Income tax

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. 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 assets and liabilities in the period in which such determination is made.

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY — continued

(a) Critical accounting estimates and assumptions — continued

(ii) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of store renovation and relocation. Management will increase the depreciation charges where useful lives are less than previously estimated lives.

(iii) Impairment of tangible assets

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in note 4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which has been prepared on the basis of management's assumptions and estimates.

(iv) Fair value of available-for-sale financial assets

As described in note 21 to the consolidated financial statements, the independent qualified professional valuers use their judgement selecting appropriate valuation technique for financial instruments not quoted in active markets. Valuation techniques commonly used by market practitioners are applied. The Group's unlisted equity instruments with carrying amount of HK$15,414,282 (2011: HK$7,095,000) which were valued by independent qualified professional valuers, are valued using discounted cash flow analyses based on assumptions supported, where possible, by observable market prices or rates.

(v) Fair value of share options

The fair value of share options granted is measured using Binomial Model. It is based on various assumptions on volatility, option life, dividend yield and annual risk-free interest rate, excluding the impac of any non-market vesting conditions, which generally represent the best estimate of the fair values of the share options at the date of grant.

(vi) Fair value of derivative financial instruments

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

(b) Critical judgment in applying the accounting policies

(i) 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 judgment. In making this judgment, 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.

8. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has seven (2011: six) reportable business segments. Each business segment is managed separately and is engaged in investment in listed and unlisted companies in Hong Kong, the PRC, Macau, Australia and the United States. The following summary describes the operations in each of the Group's reportable business segments.

Listed investments

There are four (2011: three) reportable business segments under this category, namely investment in listed companies on the Stock Exchange of Hong Kong, investment in a listed company on the Shenzhen Stock Exchange, investment in a listed company on the Australian Securities Exchange Limited and investment in a listed company on the New York Stock Exchange Euronext. The major sources of net income from these four business segments are gains on disposals of listed securities and dividend income, if any.

Unlisted investments

There are three (2011: three) reportable business segments under this category, namely investments in unlisted companies in Hong Kong, the PRC and Macau. The major sources of income of these three business segments are dividend income from investments or guaranteed return provided by counterparties of the unlisted investments.

Segment results represent the (loss)/profit for the year in each business segment. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of segment performance. Segment results exclude other income such as interest income and unallocated corporate expenses such as administrative and other operating expenses.

8. SEGMENT INFORMATION — continued

Information regarding the Group's reportable business segments as provided to the Group's chief operating decision maker for the purposes of allocation and assessment of segment performance for the year is set out below.

	Listed investments				Unlisted investments			
	Hong Kong HK$	The PRC HK$	Australia HK$	United States HK$	Hong Kong HK$	The PRC HK$	Macau HK$	Total HK$
2012								
TURNOVER	45,245,283	5,705,645	–	–	–	2,640,000	–	53,590,928
Segment results	(6,644,238)	1,017,800	(8,272,980)	117,343	–	(2,640,000)	(185,248)	(16,607,323)
Interest income								370,956
Unallocated sundry income								151
Interest expenses								(3,578)
Depreciation								(934,928)
Unallocated expenses								(23,748,719)
Income tax expenses								(21,945)
Loss for the year								(40,945,386)
Segment assets	24,888,100	–	–	1,045,668	14,106,282	6,308,000	24,594,752	70,942,802
Unallocated assets*								17,705,288
Total assets								88,648,090
Segment liabilities	–	–	–	–	–	–	–	–
Unallocated liabilities								1,727,011
Total liabilities								1,727,011
Capital expenditures	–	–	–	–	–	–	–	–
Unallocated capital expenditures								2,754,307
Total capital expenditures								2,754,307

* Unallocated assets mainly included cash and cash equivalents of HK$12,637,602, property, plant and equipment of HK$3,381,513 and intangible asset of HK$120,000.

8. SEGMENT INFORMATION — continued

	Listed investments			Unlisted investments			
	Hong Kong	The PRC	Australia	Hong Kong	The PRC	Macau	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
2011							
TURNOVER	17,046,234	–	–	–	2,640,000	–	19,686,234
Segment results	(10,588,315)	(668,724)	(8,866,963)	–	(6,720,000)	–	(26,844,002)
Interest income							3,975
Interest expenses							(18)
Depreciation							(152,709)
Unallocated expenses							(15,480,427)
Loss for the year							(42,473,181)
Segment assets	53,462,985	4,687,845	8,272,980	–	12,375,000	5,000,000	83,798,810
Unallocated assets*							34,138,002
Total assets							117,936,812
Segment liabilities	–	–	–	–	–	–	–
Unallocated liabilities							3,634,030
Total liabilities							3,634,030
Capital expenditures	–	–	–	–	–	–	–
Unallocated capital expenditures							1,733,146
Total capital expenditures							1,733,146

* Unallocated assets mainly included cash and cash equivalents of HK$30,206,869 and property, plant and equipment of HK$1,682,134.

9. TURNOVER

The Group is engaged in investment in equity securities. Revenues recognised during the year are as follows:

	2012 HK$	2011 HK$
Sales of equity securities	**50,950,928**	17,046,234
Investment income	**2,640,000**	2,640,000
	53,590,928	19,686,234

10. OTHER INCOME

	2012 HK$	2011 HK$
Interest income		
– Bank interest income	**2,906**	3,975
– Other interest income	**368,050**	–
Sundry income	**151**	–
	371,107	3,975

11. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at:

	2012 HK$	2011 HK$
After charging the following items:		
Auditors' remuneration	**290,000**	370,000
Depreciation	**934,928**	152,709
Minimum lease payments under operating leases:		
– property rental	**4,810,804**	1,906,412
Impairment loss on available-for-sale financial assets	**2,640,000**	9,360,000
Impairment loss on other receivables	**2,640,000**	–
Employee benefit expenses	**7,378,763**	5,640,965
Unrealised fair value change on financial assets at fair value through profit or loss	**12,544,282**	20,616,567
After crediting the following item:		
Exchange gain	**(127,384)**	–

12. EMPLOYEE BENEFIT EXPENSES

	2012 HK$	2011 HK$
Directors' remuneration		
– fees	**756,774**	459,033
– salaries and allowances	**2,250,811**	2,307,792
– mandatory provident fund contributions	**104,484**	40,806
– share-based payments	**–**	1,846,329
	3,112,069	4,653,960
Staff remuneration		
– salaries and allowances	**4,169,637**	956,718
– mandatory provident fund contributions	**97,057**	30,287
	4,266,694	987,005
	7,378,763	5,640,965

The remuneration of each of the directors of the Company for the year ended 31 December 2012 is set out below:

Name of Director	Fees HK$	Salaries and allowances HK$	Employer's mandatory provident fund contributions HK$	Share-based payments HK$	Total HK$
Executive Director					
Yang Yongdong (Chief Executive Officer)	–	1,146,950	13,750	–	1,160,700
Chu Wai Lim (a)	–	449,132	13,750	–	462,882
Fong Son Wa (a)	–	449,516	72,500	–	522,016
Chan Yiu Pun Clement (b)	–	93,600	–	–	93,600
Non-executive Director					
Cheung Tung Lan, Tony (c)	–	111,613	4,484	–	116,097
Wang Shiyan (d)	140,000	–	–	–	140,000
Independent Non-executive Director					
Chan Yuk Sang (e)	114,516	–	–	–	114,516
Chen Yamin (f)	194,516	–	–	–	194,516
Ku Siu Fun Alex (g)	231,290	–	–	–	231,290
Zheng Gang (h)	56,452	–	–	–	56,452
Li Meizhen (i)	20,000	–	–	–	20,000
	756,774	2,250,811	104,484	–	3,112,069

12. EMPLOYEE BENEFIT EXPENSES — continued

The remuneration of each of the directors of the Company for the year ended 31 December 2011 is set out below:

Name of Director	Fees HK$	Salaries and allowances HK$	Employer's mandatory provident fund contributions HK$	Share-based payments HK$	Total HK$
Executive Director					
Wai Chung Fai (j)	–	116,129	3,806	–	119,935
Shiu Kwok Keung (k)	–	173,333	5,000	–	178,333
Yang Yongdong (Chief Executive Officer)	–	810,333	9,000	678,367	1,497,700
Chu Wai Lim	–	315,900	13,000	163,199	492,099
Fong Son Wa	–	325,000	–	81,599	406,599
Non-executive Director					
Cheung Tung Lan, Tony (c)	–	567,097	10,000	678,367	1,255,464
Wang Shiyan (d)	102,581	–	–	–	102,581
Independent Non-executive Director					
Chen Man Lung (l)	36,667	–	–	–	36,667
Choi Shek Chau (m)	42,581	–	–	–	42,581
Tsang Wai Wa (n)	116,452	–	–	81,599	198,051
Chan Yuk Sang (e)	83,333	–	–	81,599	164,932
Chen Yamin (f)	77,419	–	–	81,599	159,018
	459,033	2,307,792	40,806	1,846,329	4,653,960

Note:

(a) Resigned on 10 January 2013.

(b) Appointed on 4 September 2012.

(c) Appointed on 18 March 2011 and removed on 16 May 2012.

(d) Appointed on 28 July 2011 and retired on 31 July 2012.

(e) Appointed on 21 April 2011 and resigned on 1 July 2012.

(f) Appointed on 9 May 2011 and resigned on 1 November 2012.

(g) Appointed on 11 January 2012.

(h) Appointed on 12 July 2012.

(i) Appointed on 1 November 2012.

12. EMPLOYEE BENEFIT EXPENSES — continued

Note: — continued

(j) Resigned on 11 March 2011.

(k) Resigned on 15 April 2011.

(l) Resigned on 21 April 2011.

(m) Resigned on 9 May 2011.

(n) Resigned on 20 December 2011.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

No remuneration was paid or payable by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2011: Nil).

During the years ended 31 December 2012 and 2011, the executive director of the Company, Mr. Yang Yongdong was also the chief executive officer of the Company.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2011: four) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2011: one) individual during the year are as follows:

	2012	2011
	HK$	HK$
Salaries and allowances	**2,103,921**	455,000
Mandatory provident fund contributions	**41,250**	12,000
	2,145,171	467,000

The emoluments of the above three (2011:one) highest paid employees during the year were within the emoluments band ranging from nil to HK$1,000,000.

No remuneration was paid or payable by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2011: Nil).

13. FINANCE COSTS

	2012 HK$	2011 HK$
Interest on bank overdrafts	**3,578**	18

14. INCOME TAX

	2012 HK$	2011 HK$
Current income tax		
– the PRC enterprise income tax	**21,945**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2012 and 2011.

The PRC enterprise income tax is calculated at 25% of the estimated assessable profit for the year ended 31 December 2012.

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2011: Nil).

The tax expenses for the year can be reconciled to the loss before income tax as follows:

	2012 HK$	2011 HK$
Loss before income tax	**(40,923,441)**	(42,473,181)
Tax calculated at the rates applicable to the tax jurisdiction concerned	**(6,757,848)**	(7,008,075)
Tax effect of income not taxable for tax purposes	**(742,524)**	(514,739)
Tax effect of expenses not deductible for tax purposes	**4,146,403**	3,605,306
Tax effect of tax losses not recognised	**3,285,957**	3,966,631
Tax effect of taxable temporary difference not recognised	**89,957**	(49,123)
Tax expenses for the year	**21,945**	–

15. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company of HK$40,945,386 (2011: HK$42,473,181) for the year ended 31 December 2012 includes a loss of approximately HK$43,493,192 (2011: HK$42,466,131) which has been dealt with in the financial statements of the Company.

16. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2012	2011
Loss attributable to owners of the Company	**HK$**	HK$
Loss for the purpose of basic and diluted loss per share	**(40,945,386)**	(42,473,181)

	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**299,027,432**	220,842,245
Effect of dilutive potential ordinary shares:		
Share option issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**299,027,432**	220,842,245
Basic and diluted loss per share (HK cents)	**(13.7)**	(19.2)

During the years ended 31 December 2012 and 2011, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvement HK$	Office furniture and fixtures HK$	Motor vehicle HK$	Total HK$
Cost				
As at 1 January 2011	282,510	92,448	–	374,958
Additions	1,375,060	95,086	263,000	1,733,146
Written off	(282,510)	–	–	(282,510)
As at 31 December 2011 and 1 January 2012	1,375,060	187,534	263,000	1,825,594
Additions	2,093,910	540,397	–	2,634,307
As at 31 December 2012	3,468,970	727,931	263,000	4,459,901
Accumulated depreciation and impairment				
As at 1 January 2011	243,986	29,275	–	273,261
Charge for the year	81,495	20,075	51,139	152,709
Written back	(282,510)	–	–	(282,510)
As at 31 December 2011 and 1 January 2012	42,971	49,350	51,139	143,460
Charge for the year	705,044	142,218	87,666	934,928
As at 31 December 2012	748,015	191,568	138,805	1,078,388
Net book value:				
As at 31 December 2012	**2,720,955**	**536,363**	**124,195**	**3,381,513**
As at 31 December 2011	1,332,089	138,184	211,861	1,682,134

17. PROPERTY, PLANT AND EQUIPMENT — continued

The Company

	Leasehold improvement HK$	Office furniture and fixtures HK$	Motor vehicle HK$	Total HK$
Cost				
As at 1 January 2011	282,510	92,448	–	374,958
Additions	1,375,060	95,086	263,000	1,733,146
Written off	(282,510)	–	–	(282,510)
As at 31 December 2011 and 1 January 2012	1,375,060	187,534	263,000	1,825,594
Additions	2,093,910	500,830	–	2,594,740
As at 31 December 2012	3,468,970	688,364	263,000	4,420,334
Accumulated depreciation and impairment				
As at 1 January 2011	243,986	29,275	–	273,261
Charge for the year	81,495	20,075	51,139	152,709
Written back	(282,510)	–	–	(282,510)
As at 31 December 2011 and 1 January 2012	42,971	49,350	51,139	143,460
Charge for the year	705,044	137,673	87,666	930,383
As at 31 December 2012	748,015	187,023	138,805	1,073,843
Net book value:				
As at 31 December 2012	**2,720,955**	**501,341**	**124,195**	**3,346,491**
As at 31 December 2011	1,332,089	138,184	211,861	1,682,134

18. INTERESTS IN SUBSIDIARIES

The Company

	2012 HK$	2011 HK$
Unlisted shares, at cost	**83**	27
Amounts due from subsidiaries	**54,974,656**	294,050
Less: Provision for impairment loss	**(5,274,767)**	–
	49,699,889	294,050

The movement of provision for impairment loss on amounts due from subsidiaries is as follows:

	2012 HK$	2011 HK$
At the beginning of the year	**–**	–
Provision for impairment loss	**5,274,767**	–
At the end of the year	**5,274,767**	–

The amounts due from subsidiaries are unsecured, interest-free and recoverable on demand. Due to the poor financial performance of the subsidiaries, the carrying amounts of amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

18. INTERESTS IN SUBSIDIARIES — continued

Particulars of the subsidiaries of the Company as at 31 December 2012 were as follows:

Name of company	Place of incorporation	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China International Capital Investment Limited	Hong Kong	HK$1	100	–	Investment holdings
Grand Smart Consultants Limited	Hong Kong	HK$1	100	–	Investment holdings
Greater China Bio-Energy Funding Investment Limited	Hong Kong	HK$1	100	–	Investment holdings
Lucky Rich Corporation Limited	Hong Kong	HK$1	100	–	Investment holdings
Opes Asia Development (Hong Kong) Limited	Hong Kong	HK$1	100	–	Investment holdings
Greater China Credit Holdings Limited	Hong Kong	HK$1	–	100	Investment holdings
Master Glory Holdings Limited	British Virgin Islands	US$1	100	–	Investment holdings
Master Score Investments Limited	British Virgin Islands	US$1	100	–	Investment holdings
Rich Sino Management Limited	British Virgin Islands	US$1	100	–	Investment holdings
Dragon Legend International Limited	British Virgin Islands	US$1	100	–	Investment holdings
Easy Master Limited	British Virgin Islands	US$1	100	–	Investment holdings
Vast Power International Limited	British Virgin Islands	US$1	100	–	Investment holdings
Airstar International Limited	British Virgin Islands	US$1	100	–	Investment holdings
Shiny Future Development Limited	British Virgin Islands	US$1	100	–	Investment holdings
Gain Legend Holdings Limited	British Virgin Islands	US$1	100	–	Investment holdings
Hua Bao Asia International Limited	British Virgin Islands	US$1	100	–	Investment holdings
Arch Star Limited	British Virgin Islands	US$1	–	100	Investment holdings

19. INTANGIBLE ASSET

The Group and the Company

	Club membership
	HK$
Cost	
As at 1 January 2011, 31 December 2011 and 1 January 2012	–
Additions	120,000
As at 31 December 2012	120,000
Accumulated impairment	
As at 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	–
Net book value	
As at 31 December 2012	**120,000**
As at 31 December 2011	–

20. CONVERTIBLE BOND RECEIVABLE/DERIVATIVE COMPONENT IN CONVERTIBLE BOND RECEIVABLE

The Group

During the year ended 31 December 2012, the Group entered into an agreement to subscribe for convertible bond ("CB") with principal amount of RMB20,000,000 from Ascent Glory Holdings Limited ("AGHL"), a wholly owned subsidiary of Grand Success Business Limited ("GSBL") at a consideration of RMB20,000,000 (approximately HK$24,680,000). The CB carries interest of 20% per annum and will mature on 12 June 2014. The initial conversion price is RMB2,400 per share (subject to adjustment). Unless previously converted or lapsed, AGHL will redeem the CB on 12 June 2014 at the redemption amount which is 100% of the principal amount of outstanding CB.

Both GSBL and AGHL were incorporated in the British Virgin Islands and AGHL holds 50% equity interest in 澳門飛馬煙草（集團）有限公司 (English translation as "Macao Pegasus Tabacco (Group) Limited" "MPT"), a company incorporated in Macau with principal activities of manufacture, wholesale, retail, import and export of cigarettes to and from Macau.

The CB was recognised as follows:

	Debt component	Derivative component
	HK$	HK$
At date of subscription	20,620,140	4,059,860
Interests credited for the year	968,519	–
Fair value change	–	(3,890,460)
Exchange alignment	83,550	16,450
At 31 December 2012	**21,672,209**	**185,850**

20. CONVERTIBLE BOND RECEIVABLE/DERIVATIVE COMPONENT IN CONVERTIBLE BOND RECEIVABLE — continued

The methods and assumptions applied for the valuation of the CB are as follows:

Valuation of debt component

The fair value of debt component was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the CB issuer and maturity term. The effective interest rate of the debt component as at 13 June 2012 is 32.41%.

Valuation of derivative component

Derivative component is measured at fair value using the Binomial Model, at initial recognition and at the end of the reporting period.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group

	2012	2011
	HK$	HK$
Unlisted equity securities		
– the PRC	**6,308,000**	7,095,000
– Hong Kong	**9,106,282**	2,640,000
	15,414,282	9,735,000
Less: Non-current portion	**(15,414,282)**	(9,735,000)
	–	–

The Company

	2012	2011
	HK$	HK$
Unlisted equity securities		
– the PRC	**6,308,000**	7,095,000
– Hong Kong	**–**	2,640,000
	6,308,000	9,735,000
Less: Non-current portion	**(6,308,000)**	(9,735,000)
	–	–

There were no disposals on available-for-sale financial assets in both years.

None of the carrying amounts of available-for-sale financial assets exceed 10% of total assets of the Group as at 31 December 2012.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS — continued

The followings are the list of unlisted equity securities at 31 December 2012:

Name of equity securities	Place of incorporation and kind of legal entity	Particulars of ordinary shares/ paid up capital held	Principal activities	Interest held (%)	Carrying value at 1.1.2012 HK$	Carrying value at 31.12.2012 HK$	Impairment loss HK$
At cost:							
Becky Agric Resources Co., Limited ("BARL") (note c)	Hong Kong, limited liability company	3,000 ordinary shares	Organic farming and agriculture business	30 (note f)	2,640,000	–	(2,640,000)

Name of equity securities	Place of incorporation and kind of legal entity	Particulars of ordinary shares/ paid up capital held	Principal activities	Interest held (%)	Fair value at 1.1.2012 HK$	Fair value at 31.12.2012 HK$	Change in fair value
At fair value:							
Dyxnet Holding Limited ("Dyxnet") (note a)	Caymen Islands, limited liability company	5,735 ordinary shares	Provision of internet access, internet hosting and other related services	0.23	–	–	–
北京華寶時代國際設備有限公司 ("北京華寶") (note b)	the PRC, limited liability company	USD780,000 paid up capital	Leasing of property and vehicles	30 (note f)	7,095,000	6,308,000	(787,000)
The Pride Fund Management Limited ("The Pride") (note d)	Hong Kong, limited liability company	495,000 ordinary shares	Provision of investment advisory and asset management services	9.9	–	1,906,282	306,282
Hou Tin International Limited ("Hou Tin") (note e)	Hong Kong, limited liability company	2,000 ordinary shares	Research and development of information system	20 (note f)	–	7,200,000	(2,800,000)

Notes:

a. The Group held 5,735 (2011: 5,735) issued ordinary shares in Dyxnet as at 31 December 2012. By reference to the management accounts of the Dyxnet for the year ended 31 December 2009, it represents approximately 0.23% of the total issued ordinary shares of Dyxnet. On 2009, the significant dilution of the equity percentage of the Group had been attributable to the issue of 2,334,567 shares to the directors and employees of Dyxnet under a share option scheme. There were dilutive instruments of 32,324,967 series A-1 convertible preference shares and 179,582 share options outstanding in the books of Dyxnet which may lead to further dilution of the Group's equity interests in Dyxnet as at 31 December 2009. The Directors considered that the interest in Dyxnet has been diluted and therefore an impairment loss of HK$107,000 was further recognised in the consolidated income statement for the year ended 31 December 2010. The investment in Dyxnet has been fully impaired in prior years.

b. The fair value of the investment in 北京華寶 as at 31 December 2012 was arrived at on the basis of business valuations carried out on that date by Roma Appraisals Limited (2011: Roma Appraisals Limited), independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to the income approach (2011: income approach).

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS — continued

Notes: — continued

c. The investment in BARL is stated at cost less any impairment.

On 31 December 2007, the Group entered into a co-operation agreement with Harvest Smart Becky Agric-Bio Technology Limited (Formerly known as Becky Agric Bio Energy Co., Limited) ("Harvest Smart BAB"), an independent third party which wished to form a wholly foreign owned enterprise (the"WFOE"), which will be engaged in the production of organic agricultural products, promotion of organic farming and operating an organic theme park in the PRC. As at 31 December 2007, the Group paid a deposit of HK$12,000,000 for the investment to Harvest Smart BAB. Pursuant to the co-operation agreement, Harvest Smart BAB has provided a guarantee to the Group for an annual return of not less than HK$2,640,000 for each of the 5 years ended/ending 31 December 2008, 2009, 2010, 2011 and 2012 respectively (note 24(d)).

In January 2008, Harvest Smart BAB started its organic farming project and signed a sub-contracting contract with Guangdong Conghua City Lutian Town Investment Service Centre ("GCCL") for the usage of land. In October 2008, Harvest Smart BAB informed the Group that the organic farming project in Conghua City was terminated because GCCL could not fulfill the contract terms. In December 2008, Harvest Smart BAB informed the Group that the organic farming project would be restarted in Guangdong Luoding City. Pursuant to a supplemental agreement, the Group still enjoys 30% of return of this organic farming operation in the future and Harvest Smart BAB continues to provide profit guarantee to the Group according to the original co-operation agreement.

For the new organic farming project in Luoding City, an investee company, BARL was incorporated in Hong Kong in June 2008. BARL allotted 3,000 ordinary shares, representing 30% equity interests of BARL at a consideration of HK$12,000,000 to the Group and 70% equity was allotted to Harvest Smart BAB on incorporation.

BARL commenced its organic farming business by investing in an organic farm in Guangdong Luoding City since 2009. The investment return received through the guaranteed profit provided by Harvest Smart BAB is HK$2,640,000 each for the years of 2011 and 2012. However, due to unexpected market environment of the organic farm in PRC and after a consideration of relevant documents and review of the financial position and management forecast of BARL, the Board confirms to provide impairment loss of HK$2,640,000 for the year ended 31 December 2012.

d. On 20 February 2012, a direct wholly owned subsidiary entered into a share sales and purchase agreement with an independent third party to acquire 9.9% equity interest in The Pride with a consideration of HK$1,600,000. The fair value of the investment in The Pride as at 31 December 2012 was arrived at on the basis of business valuations carried out on that date by Roma Appraisals Limited, independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to the apply price-to-book ratios of similar listed companies and adjusted to reflect the specific circumstance of the investments.

e. On 24 October 2012, a direct wholly owned subsidiary entered into a co-operation agreement with independent third parties, to HK$10,000,000 to subscribe 20% equity interest in Hou Tin. The fair value of the investment in Hou Tin as at 31 December 2012 was arrived at on the basis of business valuations carried out on that date by Roma Appraisals Limited, independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to the income approach.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS — continued

Notes: — continued

f. The Group does not have significant influence on 北京華寶 or BARL or Hou Tin because:

– the Group did not have any representative on the board of directors or equivalent governing body of 北京華寶 or BARL or Hou Tin;

– the Group did not participate in policy-making processes, including participation in decisions about dividends or other distributions;

– the Group did not have any transactions with 北京華寶 or BARL or Hou Tin;

– the Group did not interchange any managerial personnel with 北京華寶 or BARL or Hou Tin; and

– the Group did not provide any technical information to 北京華寶 or BARL or Hou Tin.

As the Group did not act to fulfill any one of the issues stated above, it does not consider as having significant influence on the investments. Hence, 北京華寶 or BARL or Hou Tin are not considered as the Group's associated companies.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	2012 HK$	2011 HK$
Listed equity securities		
– Hong Kong	**24,888,100**	53,462,985
– United States	**1,045,668**	–
– Australia	**–**	8,272,980
– Shenzhen	**–**	4,687,845
	25,933,768	66,423,810
Less: Non-current portion	**(9,808,750)**	(16,815,000)
Current portion	**16,125,018**	49,608,810

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "unrealised fair value change on financial assets at fair value through profit or loss" in the consolidated income statement.

The fair value of all equity securities is based on their current bid prices in active markets.

23. DEPOSITS FOR ACQUISITION OF INVESTMENTS

The Group

	2012	2011
	HK$	HK$
Deposits for acquisition of investments in		
– 廣州星越航空服務有限公司("廣州星越") (note a)	**3,000,000**	3,000,000
– AGHL (note b)	**–**	5,000,000
– CNI Securities Group Limited (note c)	**5,000,000**	–
Less: Provision for impairment loss on a deposit	**(3,000,000)**	(3,000,000)
	5,000,000	5,000,000

The Company

	2012	2011
	HK$	HK$
Deposits for acquisition of investments in		
– 廣州星越 (note a)	**3,000,000**	3,000,000
– AGHL (note b)	**–**	5,000,000
Less: Provision for impairment loss on a deposit	**(3,000,000)**	(3,000,000)
	–	5,000,000

23. DEPOSITS FOR ACQUISITION OF INVESTMENTS — continued

Notes:

a. As at 31 December 2007, the Group paid a deposit of HK$3,000,000 to an independent third party (the "vendor") for the purchase of 20% equity interests in an unlisted company, 廣州星越 (the "Acquisition"). 廣州星越 was incorporated in the PRC as a limited liability company with registered capital of RMB3,800,000. The principal activity of 廣州星越 is the provision of consultancy services on navigation. Other than the aforesaid HK$3 million, the Group did not have to inject any further funds into this project until the vendor completed certain preliminary works are explained below.

   To complete the Acquisition, the vendor was required to complete preliminary works including changing 廣州星越 from a domestic private enterprise to a Sino-foreign equity joint venture company ("SFEJV") and facilitating the SFEJV to obtain a formal business licence which allows the SFEJV to (i) act as an air freight forwarding agent and (ii) provide air freight forwarding enterprise management consultancy service on or before 20 September 2008. On 1 September 2009, the Board extended the period of preparing preliminary works to 20 September 2009 to the vendor after reconsidering the investment potential of the Acquisition.

   Since the vendor failed to complete the aforesaid preliminary works by the prescribed time. Therefore, the Group decided to terminate the Acquisition and requested for the refund of the deposit together with an interest calculated at HSBC's best lending rate. The management kept on following up the status with the vendor and requested the vendor to confirm the balance due as at 31 December 2009 to the Group after the end of the reporting period. However, the Group received no reply from the vendor and has lost contact with the vendor since then. In March 2010, the Group decided to take legal actions against the vendor for his default in repayment, but the Group still could not reach the vendor. The Board considered that the deposit was unlikely to be recovered and therefore full impairment provision of HK$3,000,000 was made for the year ended 31 December 2009. On 31 December 2012, the Board reviewed the impairment made and there is no reversal of the impairment during the year.

b. On 7 December 2011 the Group, GSBL and its wholly-owned subsidiary, AGHL entered into a non-legally binding memorandum of understanding ("Non-legally Binding MOU") pursuant to which AGHL agreed to issue, and GSBL agreed to procure AGHL, to issue to the Group the CB for a consideration of RMB20,000,000 (or its HK$ equivalent) that carries interest of 20% per annum. It is further agreed that the Group has the exclusive right to carry out due diligence on AGHL and MPT. The CB can be converted to 20% of the AGHL's ordinary shares and is redeemable within 24 months after issue. GSBL and AGHL were incorporated in the British Virgin Islands and AGHL holds 50% equity interest in MPT, a company incorporated in Macau. The principal activities of MPT are manufacture, wholesale, retail, import and export of cigarettes to and from Macau.

   The Group paid a refundable Earnest Deposit in the amount of HK$5,000,000 to AGHL upon the execution of the Non-legally Binding MOU. On 10 January 2012, the Group entered into a second Non-legally Binding MOU and paid an additional refundable Earnest Deposit of HK$1,500,000 to extend the period for the exclusive right. Such refundable Earnest Deposits have formed part of the subscription price of the CB as the Group has subscribed for the CB during the year ended 31 December 2012 as disclosed in note 20.

c. On 15 August 2012, a direct wholly owned subsidiary entered into a Non-legally Binding MOU with a major shareholder of CNI Securities Group Limited ("CNI") pursuant to which the Group paid a refundable Earnest Deposit of HK$5,000,000 and agreed to acquire at least 5% equity interest but not more than 30% equity interest in CNI.

24. INVESTMENTS

The Group and the Company

Pursuant to the requirements stipulated in Chapter 21.12 of the Listing Rules, the Group discloses its list of all investments with a value greater than 5 per cent of the Group's gross assets and at least the 10 largest investments as at 31 December 2012 and 2011 respectively as follows:

As at 31 December 2012

Name of equity securities	Nature of business	Interest held (%)	Net assets attributable to the Company HK$	Invested amount HK$	Carrying amount HK$	Dividend received HK$
China Bio Cassava Holdings Limited (note b)	Development and sale of computer software	3.60	122,184	11,416,390	9,808,750	–
China Solar Energy Holdings Limited	Manufacture and sale of photovoltaic business	0.21	1,469,767	12,414,389	897,750	–
Guotai Junan International Holdings Limited	Provision of securities, futures dealing and broking services	0.15	3,090,172	7,223,196	7,950,000	261,900
Berkshine Hathaway Inc.	Provision of insurance and reinsurance services	0.00	1,635,435	928,325	1,045,668	–
Li & Fung Limited	Consumer product wholesaling and export trading	0.00	388,786	1,155,360	1,231,200	–
Agricultural Bank of China Limited	Provision of banking and related financial services	0.00	6,951,296	824,250	880,900	–
China Machinery Engineering Corporation	Construction contracting and trading	0.01	1,229,130	702,750	699,600	–
北京華寶	Leasing of property and vehicles	30.00	5,011,186	12,000,000	6,308,000	–
The Pride	Provision of investment advisory and asset management services	9.9	1,132,057	1,600,000	1,906,282	–
Hou Tin	Research and development of information system	20.00	N/A	10,000,000	7,200,000	–
				58,264,660	37,928,150	261,900

24. INVESTMENTS — continued

The Group and the Company

As at 31 December 2011

Name of equity securities	Nature of business	Interest held (%)	Net assets attributable to the Company HK$	Invested amount HK$	Carrying amount HK$	Dividend received HK$
China Bio Cassava Holdings Limited	Development and sale of computer software	3.60	427,002	11,416,390	16,815,000	–
China Solar Energy Holdings Limited	Manufacture and sale of photovoltaic business	0.25	2,291,044	12,414,389	1,586,025	–
China Telecom Corporation Limited	Provision of telecommunication services	0.00	1,199,921	1,400,800	1,370,200	–
Datronix Holdings Limited	Design, manufacture and sale of magnetics	2.01	12,028,656	18,776,500	18,355,480	223,548
Guotai Junan International Holdings Limited	Provision of securities, futures dealing and broking services	0.40	12,863,037	19,350,240	12,727,650	217,860
Shengli Oil & Gas Pipe Holdings Limited	Design, manufacture and sale of spiral submerged arc welded pipes	0.04	1,047,551	1,161,915	784,470	5,200
Shenzhen Chiwan Petroleum Supply Base Company Limited	Port management and services	0.28	4,751,656	5,371,803	4,687,845	15,238
ViaGOLD Capital Limited	Investment holding, leasing and capital financing services, and consultancy and management services to educational institutions	3.89	1,100,626	11,727,980	8,272,980	–
北京華寶 (note c)	Leasing of property and vehicles	30.00	5,637,653	12,000,000	7,095,000	–
BARL (note d)	Organic farming and agriculture business	30.00	12,224,978	12,000,000	2,640,000	–
				105,620,017	74,334,650	461,846

24. INVESTMENTS — continued

Notes:

a. Except for the investment in BARL, all investment are stated at fair value.

b. The carrying amount of interest in China Bio Cassava Holdings Limited exceeds 10% of the Group's total assets as at 31 December 2012. China Bio Cassava Holdings Limited is incorporated in the Cayman Islands with issued share capital of 2,050,825,000 ordinary shares of HK$0.01 each.

c. 北京華寶 suffered loss for the year ended 31 December 2012 and no dividend was declared or received from the investment in 北京華寶 for the year ended 31 December 2012 (2011: Nil). Nevertheless, pursuant to the sale and purchase agreement dated 28 November 2007, the vendor of 北京華寶 has provided a guarantee to the Group for an annual return of not less than HK$2,640,000 for each of the 3 years ended 31 December 2008, 2009 and 2010 respectively.

d. During the year ended 31 December 2012, no dividend was declared or received from the investment in BARL (2011: Nil). However, pursuant to the original co-operation agreement dated 31 December 2007, the counterparty has provided a guarantee to the Group for an annual return of not less than HK$2,640,000 for each of the 5 years ended 31 December 2008, 2009, 2010, 2011 and 2012 respectively. The Group has recorded the investment return of HK$2,640,000 from the counterparty for the year ended 31 December 2012.

25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group

	2012	2011
	HK$	HK$
Other receivables	**2,715,861**	3,658,213
Coupon interest receivable	**2,736,692**	–
Less: Provision for impairment loss on other receivables	**(2,714,794)**	(74,794)
	2,737,759	3,583,419
Prepayments	**237,661**	324,443
Rental and utility deposits	**1,327,446**	981,137
	4,302,866	4,888,999

The Company

	2012	2011
	HK$	HK$
Other receivables	**2,715,860**	3,658,213
Less: Provision for impairment loss on other receivables	**(2,714,794)**	(74,794)
	1,066	3,583,419
Prepayments	**228,182**	324,443
Rental and utility deposits	**1,026,258**	981,137
	1,255,506	4,888,999

25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS — continued

Included in other receivables are a guaranteed annual return of HK$2,640,000 and interest receivable of HK$2,811,486. The guaranteed annual return is receivable from the counterparties of investment contracts the Group has entered into as disclosed in note 24(d) to the consolidated financial statements. The interest receivable represented an interest receivable from a deposit of the acquisition of investment in 廣州星越 of HK$74,794 as disclosed in note 23 and an interest receivable from CB of HK$2,736,692 as disclosed in note 20.

As disclosed in note 23 to the consolidated financial statements, the Group considers that the deposit of the acquisition of investment in 廣州星越 is unlikely to be recovered, the interest receivable thereon is also fully impaired in prior years. Moreover, the Group considers that the guaranteed annual return of $2,640,000 described above is unlikely to be recovered and hence impairment loss on other receivables of HK$2,640,000 was made during the year ended 31 December 2012.

Except for those described above, none of the above other receivables, prepayments and deposits is either past due or impaired.

Movements on the provision for impairment loss on other receivables are as follows:

	2012 **HK$**	2011 HK$
At the beginning of the year	**74,794**	74,794
Less: Provision for impairment loss on other receivables	**2,640,000**	–
At the end of the year	**2,714,794**	74,794

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as securities.

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were denominated in the following currencies:

The Group

	2012 **HK$**	2011 HK$
HK$	**12,170,933**	30,206,869
RMB	**466,669**	–
	12,637,602	30,206,869

26. CASH AND CASH EQUIVALENTS — continued

The Company

	2012 HK$	2011 HK$
HK$	**1,604,295**	29,919,842
RMB	**190,127**	–
	1,794,422	29,919,842

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

27. SHARE CAPITAL

The movements of share capital of the Company are as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$
Authorised:			
At 1 January 2011, at HK$0.001 each		200,000,000,000	200,000,000
Share consolidation	(c)	(180,000,000,000)	–
At 31 December 2011, 1 January 2012 and 31 December 2012, at HK$0.01 each		**20,000,000,000**	**200,000,000**
Issued and fully paid:			
At 1 January 2011		1,630,200,000	1,630,200
Placing of new shares	(a)	32,600,000	32,600
Open offer	(b)	831,400,000	831,400
Share consolidation	(c)	(2,244,780,000)	–
At 31 December 2011 and 1 January 2012		249,420,000	2,494,200
Placing of new shares	(d)	49,880,000	498,800
At 31 December 2012		**299,300,000**	**2,993,000**

27. SHARE CAPITAL — continued

Notes:

(a) On 8 April 2011, the Company entered into a placing agreement (the "Placing Agreement") with a placing agent, an independent third party. On 28 April 2011, the placing was completed. Pursuant to the Placing Agreement, the Company issued a total of 32,600,000 ordinary shares with par value of HK$0.001 each at a price of HK$0.112 each. The issued share capital of the Company was thus increased from HK$1,630,200 to HK$1,662,800. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company will apply approximately HK$3,400,000 of the proceeds raised for numerous future investment opportunities to fulfill the investment objectives of the Company.

(b) On 20 June 2011, 831,400,000 shares of HK$0.001 each were issued and allotted at the subscription price of HK$0.07 per offer share on the basis of one offer share for every two existing shares held by the qualifying shareholders by open offer.

(c) Pursuant to a special resolution passed on 30 November 2011, the Company implemented the share consolidation on the basis that every ten issued and unissued shares of HK$0.001 each has been consolidated into one consolidated share of HK$0.01 each effective from 1 December 2011.

(d) On 6 December 2011, the Company entered into a placing agreement (the "Placing Agreement 2012") with a placing agent, an independent third party. On 3 January 2012, the placing was completed. Pursuant to the Placing Agreement 2012, the Company issued a total of 49,880,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.35 each. The issued share capital of the Company was thus increased from HK$2,494,200 to HK$2,993,000. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company will apply the net proceeds for the general working capital of the Company and potential investments to be identified.

28. RESERVES

The Company

	Share premium HK$	Contributed surplus HK$	Share-based payment reserve HK$	Available-for-sale fair value reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2011	48,838,530	61,305,993	6,133,463	–	(20,840,527)	95,437,459
Loss for the year	–	–	–	–	(42,466,131)	(42,466,131)
Other comprehensive loss for the year, net of income tax	–	–	–	(1,725,000)	–	(1,725,000)
Total comprehensive loss for the year	–	–	–	(1,725,000)	(42,466,131)	(44,191,131)
Share options lapsed and cancelled during the year	–	–	(1,725,081)	–	1,725,081	–
Share options granted during the year	–	–	1,846,336	–	–	1,846,336
Proceeds from placing of new shares	3,618,600	–	–	–	–	3,618,600
Issuing expenses of placing of new shares	(195,942)	–	–	–	–	(195,942)
Proceeds from open offer	57,366,600	–	–	–	–	57,366,600
Issuing expenses of open offer	(2,066,290)	–	–	–	–	(2,066,290)
Transfer to contributed surplus (note a)	(107,561,498)	107,561,498	–	–	–	–
Elimination of accumulated loss against contributed surplus	–	(44,463,618)	–	–	44,463,618	–
At 31 December 2011 and 1 January 2012, as restated	–	124,403,873	6,254,718	(1,725,000)	(17,117,959)	111,815,632
Loss for the year	–	–	–	–	(43,493,192)	(43,493,192)
Other comprehensive loss for the year, net of income tax	–	–	–	(787,000)	–	(787,000)
Total comprehensive loss for the year	–	–	–	(787,000)	(43,493,192)	(44,280,192)
Proceeds from placing of new shares	16,959,200	–	–	–	–	16,959,200
Issuing expenses of placing of new shares	(618,513)	–	–	–	–	(618,513)
Share options lapsed during the year	–	–	(678,368)	–	678,368	–
At 31 December 2012	**16,340,687**	**124,403,873**	**5,576,350**	**(2,512,000)**	**(59,932,783)**	**83,876,127**

28. RESERVES — continued

Notes:

(a) Pursuant to a special resolution passed on 30 November 2011, the Share Premium Reduction involved the reduction of the entire amount of HK$107,561,498 standing to the credit of the share premium account of the Company to nil. The total credit arising from the Share Premium Reduction was transferred to the contributed surplus account of the Company, which was used, amongst others, in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company in full. As at 30 June 2011, the amount standing to the credit of the share premium account amounting to HK$107,561,498 was transferred to the contributed surplus account and HK$44,463,618 was applied to set off against the accumulated losses as at 30 June 2011 in full.

29. OTHER PAYABLES AND ACCRUALS

The Group

	2012 **HK$**	2011 HK$
Accrued expenses	**1,721,394**	3,634,030

The Company

	2012 **HK$**	2011 HK$
Accrued expenses	**1,589,032**	3,634,030

The accrued expenses are denominated in Hong Kong dollars.

30. DEFERRED INCOME TAX

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$12,407,696 (2011: HK$9,323,564) in respect of losses amounting to HK$75,198,158 (2011: HK$56,506,452) that can be carried forward against future taxable income. The estimated tax losses may be carried forward indefinitely.

No provision for deferred taxation has been made as the Group does not have any significant timing difference in tax provision which is expected to be crystallised in the foreseeable future (2011: Nil).

31. COMMITMENTS UNDER OPERATING LEASES

The Group as lessee

The Group leases its office premises under a non-cancellable operating lease arrangements.

At the end of each reporting period, the Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	2012 HK$	2011 HK$
Within one year	**4,997,880**	2,750,700
In the second to fifth year, inclusive	**3,870,875**	4,355,275
	8,868,755	7,105,975

32. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a Mandatory Provident Fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees, subject to a cap of monthly relevant income of HK$20,000 up to 31 May 2012 and HK$25,000 since 1 June 2012 onwards (2011: HK$20,000).

The total cost charged to consolidated income statement of HK$201,541 (2011: HK$71,093) represents contributions payable to this scheme by the Group in respect of the current accounting year.

33. RELATED PARTY TRANSACTIONS

Under Listing Rules Chapter 21.13, any investment manager, investment adviser or custodian (or any connected person thereof) is regarded as connected person.

The following transactions were carried out with related parties:

	2012 HK$	2011 HK$
Investment management fee paid and payable to:		
Up Way Asia Fund Management Limited	**–**	122,903
China International Capital Limited ("CICL")	**2,245,445**	1,593,610
	2,245,445	1,716,513

	2012 HK$	2011 HK$
Consultancy fee paid to former substantial shareholder:		
Mr. Andrew Look	**–**	40,000

33. RELATED PARTY TRANSACTIONS — continued

On 3 May 2011, the Group did not renew the investment management agreement with Up Way Asia Fund Management Limited as investment manager.

On 4 May 2011, the Group entered into a new investment management agreement to appoint CICL as a new investment manager of the Group. Pursuant to the investment management agreement, the maximum management fee payable by the Group to CICL cannot exceed HK$4,000,000 per annum. The major shareholder of CICL is the spouse of an executive director of the Company.

Consultancy fee of HK$40,000 to Mr. Andrew Look as consultant of the Group were made in according to the terms of the consultancy agreement entered between the Group and Mr. Andrew Look. Mr. Look ceased to be a substantial shareholder of the Company during the year ended 31 December 2011.

Remuneration for key management personnel represents amounts paid to the Company's directors as disclosed in note 12.

34. SHARE OPTION SCHEME

The Company's Share Option Scheme (the "Scheme") was adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002 for the primary purpose of providing incentives to Directors and eligible participants (as defined in the Scheme), and had been expired on 7 February 2012. Under the Scheme, the Board may grant options to Directors of the Company (including Non-executive Directors and Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 7 days of the date of grant, upon payment of HK$1.00 for the options granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

On 30 January 2008, the Company granted share options under the Scheme to certain Directors, employees and consultants of the Company, which entitle them to subscribe for a total of 99,000,000 shares at HK$0.175 per share, upon payment of HK$1 per grant.

34. SHARE OPTION SCHEME — continued

On 10 June 2009, the Company granted share options under the Scheme to certain Directors, employee and consultants of the Company, which entitle them to subscribe for a total of 135,960,000 ordinary shares at HK$0.170 per share, upon payment of HK$1 per grant.

The grant of the aggregate of 135,960,000 share options of which 65,000,000 share options is conditional on, among others, the shareholders' approval at the special general meeting and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares which may be issued pursuant to exercise of options to be granted. On 19 August 2009, the shareholders' approval was obtained through the passing of ordinary resolutions at special general meeting and the approval from the Stock Exchange has also been obtained thereafter.

On 26 July 2011, the Company granted share options under the Scheme to certain Directors of the Company, which entitle them to subscribe for a total of 67,880,000 ordinary shares at HK$0.065 per share, upon payment of HK$1 per grant.

The exercise price and number of options outstanding have been adjusted in accordance with share consolidation of ten shares into one consolidated share.

All the 17,887,724 (2011: 20,381,724) outstanding share options granted and yet to be exercise represents approximately 5.98% (2011: 8.17%) of the issued share capital of the Company as at 31 December 2012. All the options granted are exercisable within a period of 10 years commencing on the adoption date. These share options vested at the dates of their issue and they are non-transferable.

On 31 July 2012, a new Share Option Scheme had been adopted by the Company.

The Company's new Share Option Scheme (the "New Scheme") was adopted pursuant to a resolution passed on 31 July 2012 for the primary purpose of providing incentives to Directors and eligible participants (as defined in the New Scheme), and will expire on 30 July 2022. Under the New Scheme, the Board may grant options to Directors of the Company (including Non-executive Directors and Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up on or before the relevant acceptance date, upon payment of HK$1.00 for the options granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

No share option is granted under the New Scheme during the year ended 31 December 2012.

34. SHARE OPTION SCHEME — continued

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

For the year ended 31 December 2012

Date of grant	Exercised price after adjustment for open offer and share consolidation	As at 1 January 2012	Lapsed during the year Note (a)	Cancelled during the year	Adjustment after open offer	Granted during the year	Exercised during the year	Adjustment after share consolidation	As at 31 December 2012	Note
30 January 2008	HK$1.538	2,503,448	–	–	–	–	–	–	2,503,448	(b)
10 June 2009	HK$1.494	11,090,276	–	–	–	–	–	–	11,090,276	(b)
26 July 2011	HK$0.650	6,788,000	(2,494,000)	–	–	–	–	–	4,294,000	
		20,381,724	(2,494,000)	–	–	–	–	–	17,887,724	
Weighted average exercise price		HK$1.210	0.650	–	–	–	–	–	HK$1.300	

For the year ended 31 December 2011

Date of grant	Exercised price after adjustment for open offer and share consolidation	As at 1 January 2011	Lapsed during the year Note (a)	Cancelled during the year Note (a)	Adjustment after open offer	Granted during the year	Exercised during the year	Adjustment after share consolidation	As at 31 December 2011	Note
30 January 2008	HK$1.538	86,900,000	(15,000,000)	(49,900,000)	3,034,483	–	–	(22,531,035)	2,503,448	(b)
10 June 2009	HK$1.494	126,460,000	(26,000,000)	(3,000,000)	13,442,759	–	–	(99,812,483)	11,090,276	(b)
26 July 2011	HK$0.650	–	–	–	–	67,880,000	–	(61,092,000)	6,788,000	
		213,360,000	(41,000,000)	(52,900,000)	16,477,242	67,880,000	–	(183,435,518)	20,381,724	
Weighted average exercise price		HK$0.172	HK$0.172	HK$0.172	HK$0.1502	HK$0.065	–	HK$1.089	HK$1.210	

Notes:

(a) On 16 May 2012, a former director was removed in the special general meeting, who was no longer qualified to retain the share options.

On 31 May, 2011, the Company cancelled a total of 41,000,000 share options due to that the grantees, who was a former director of the Company, no longer qualified to retain the share options. On the same date, a total of 52,900,000 share options were surrendered by number of grantees to the Company.

(b) The number of share options and its exercise price have been adjusted after the completion of open offer and share consolidation of the Company on 16 June 2011 and 30 November 2011 respectively.

34. SHARE OPTION SCHEME — continued

Share options outstanding at the end of the reporting period have the following expiry dates and exercise prices:

Date of grant	Expiry date	Exercise price per share HK$	2012 Number of share options	2011 Number of share options
30 January 2008	29 January 2018	HK$1.538	**2,503,448**	2,503,448
10 June 2009	9 June 2019	HK$1.494	**11,090,276**	11,090,276
26 July 2011	25 July 2021	HK$0.650	**4,294,000**	6,788,000
			17,887,724	20,381,724

During the year ended 31 December 2011, number of 67,880,000 share option has been granted. The estimated fair value of the share options granted on 2011 was approximately HK$1,846,336. Total consideration received/receivable during the period from directors for taking up the share option granted amounted to HK$7. The fair value was calculated using the Binomial Model, taking into account the terms and condition upon which the options were granted.

The significant assumptions and inputs used in the valuation model are as follows:

	As at 26 July 2011
Fair value at measurement date	HK$0.0272
Share price	HK$0.0650
Exercise price	HK$0.0650
Expected volatility	97.012%
Risk-free interest rate	2.344%
Expected dividend yield	–

The expected volatility is based on the historical volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumption could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share option grants.

35. NON-CASH TRANSACTIONS

As disclosed in notes 20 and 23(b), the subscription of CB of HK$24,680,000 was partly settled by the deposits of HK$5,000,000 paid during the year ended 31 December 2011.

36. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 July 2013.

Financial Summary

31 December 2012

Summary of the results, assets and liabilities of the Group for the last five years is as follows:

	For the year ended 31st December				
	2012	2011	2010	2009	2008
	HK$	HK$	HK$	HK$	HK$
Results					
(Loss)/profit before income tax	**(40,923,441)**	(42,473,181)	12,503,833	1,560,828	(45,019,191)
Income tax expense	**(21,945)**	–	–	–	18,600
(Loss)/profit attributable to owners of the Company	**(40,945,386)**	(42,473,181)	12,503,833	1,560,828	(45,000,591)

	As at 31st December				
	2012	2011	2010	2009	2008
	HK$	HK$	HK$	HK$	HK$
Assets and liabilities					
Total assets	**88,648,090**	117,936,812	97,428,373	85,004,626	50,009,552
Total liabilities	**(1,727,011)**	(3,634,030)	(360,714)	(440,850)	(411,314)
Total equity	**86,921,079**	114,302,782	97,067,659	84,563,776	49,598,238