China Merchants China Direct Investments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 133)

ANNUAL REPORT 2015

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CONTENTS

BOARD OF DIRECTORS

Executive Directors:
Mr. HONG Xiaoyuan *(Chairman)*
Mr. LI Yinquan
Mr. CHU Lap Lik, Victor
Mr. WANG Xiaoding
Mr. TSE Yue Kit
Ms. KAN Ka Yee, Elizabeth
(alternate to Mr. CHU Lap Lik, Victor)

Non-executive Director:
Mr. KE Shifeng

Independent Non-executive Directors:
Mr. LIU Baojie
Mr. ZHU Li
Mr. TSANG Wah Kwong
Dr. LI Fang

INVESTMENT COMMITTEE

Mr. HONG Xiaoyuan
Mr. LI Yinquan
Mr. CHU Lap Lik, Victor
Mr. WANG Xiaoding
Ms. KAN Ka Yee, Elizabeth
(alternate to Mr. CHU Lap Lik, Victor)

AUDIT COMMITTEE

Mr. TSANG Wah Kwong
Mr. ZHU Li
Mr. LIU Baojie

NOMINATION COMMITTEE

Mr. HONG Xiaoyuan
Mr. ZHU Li
Mr. TSANG Wah Kwong

COMPANY SECRETARY

Mr. LEUNG Chong Shun

INVESTMENT MANAGER

China Merchants China Investment Management Limited
1604-09, Three Pacific Place,
1 Queen's Road East,
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Linklaters
Victor Chu & Co
Woo Kwan Lee & Lo

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Limited
China Merchants Bank Co., Ltd.

SHARE REGISTRAR

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

1609, Three Pacific Place,
1 Queen's Road East,
Hong Kong

Stock Code: 0133.HK
Website: www.cmcdi.com.hk

Mr. HONG Xiaoyuan

Chairman

The board of directors (the "**Board**") announces that the audited consolidated net asset value of China Merchants China Direct Investments Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as of 31 December 2015 amounted to US$635.33 million, representing a decrease of 0.75% compared to US$640.13 million in 2014. The net asset value per share was US$4.171, representing a decrease of 0.75% compared to US$4.202 in 2014. The Group's audited consolidated profit after taxation for 2015 was US$46.24 million, representing a decrease of 68.89% compared to an audited consolidated profit after taxation of US$148.63 million for the same period last year.

The Board recommended the payment of a final dividend of US$0.06 per share for the year 2015, the same as last year. In addition, a special dividend of US$0.09 per share will be proposed, representing an increase of US$0.06 compared to last year. As there were no interim dividends during 2015, total dividends payable for the year 2015 were also US$0.15 per share, compared to US$0.09 per share last year, representing an increase of 66.67%.

In 2015, global economic growth remained unsteady. Compared with 2014, the pace of economic recovery in developed economies as a whole accelerated slightly, but the progress toward recovery was slowing. Meanwhile, growth in emerging and developing economies slowed again for the fifth consecutive year. The Chinese economy continued its transforming towards the "New Normal" and downward pressure on the rate of economic growth increased. In 2015, the Central Government maintained macro regulatory concepts and methods based on a combination of range-based and targeted regulation, and introduced macro policies and measures, including fiscal and monetary policies, to stabilise economic growth in all directions. These policies and measures eventually led to a broad but gradual recovery in the national economy, with major economic indicators showing signals of stability – the growth rate of industrial production was moderate with signs of stable, corporate earnings for larger industrial enterprises slowed slightly from last year, the growth of domestic income and consumption was stable with some growth, and import-export trade surplus continued to grow. According to a preliminary report of the National Bureau of Statistics, the Gross Domestic Product (GDP) of China for 2015 grew by 6.9%, just 0.5% slower than in 2014. The Consumer Price Index (CPI) of China for 2015 was up 1.4% on a year-on-year basis, the lowest rate since 2010, with deflationary pressure heightened.

In 2015, the A shares market of China was extremely volatile. It moved within a narrow range in the beginning of the year and then climbed to 5178 points, the highest level of the year, before plummeting to 2851 points, the lowest level of the year, and then remained in range trading. The SSE Composite Index closed at 3539 points on 31 December 2015, which was still 9.41% higher than at the end of 2014. In 2015, the Hong Kong stock market also experienced extreme volatility. The Hang Seng Index climbed to a high of 28589 points and then plunged to a low of 20368 points, with more than 8200 points between the highest and lowest levels. It closed at 21914 points on 31 December 2015, representing a decline of 7.16% from the end of 2014.

At the end of 2015, the Group's total holdings in investment projects amounted to US$713.64 million (US$650.18 million at the end of 2014), accounting for 91.46% of the Group's total asset value and representing a year-over-year increase of US$63.46 million that was largely due to capital contributions to new projects, as well as to a net increase in the fair value of investment projects. Meanwhile, cash on hand was US$53.92 million, accounting for 6.91% of total asset value.

In 2015, the Investment Manager actively sought new investment opportunities, with intensive due diligence and the screening of many prospects, and the Group invested in two new direct investment projects, namely Shanghai Oriental Pearl Media Co., Ltd. and JIC Leasing Co., Ltd., in an aggregate invested amount of US$58.40 million. These projects fall within the culture and media and financial services industries. In addition, in order to further diversify the financial services investment portfolio of the Group, it acquired 42.38 million H shares of China Reinsurance (Group) Corporation on the Hong Kong secondary stock market with an aggregate invested amount of US$12.87 million.

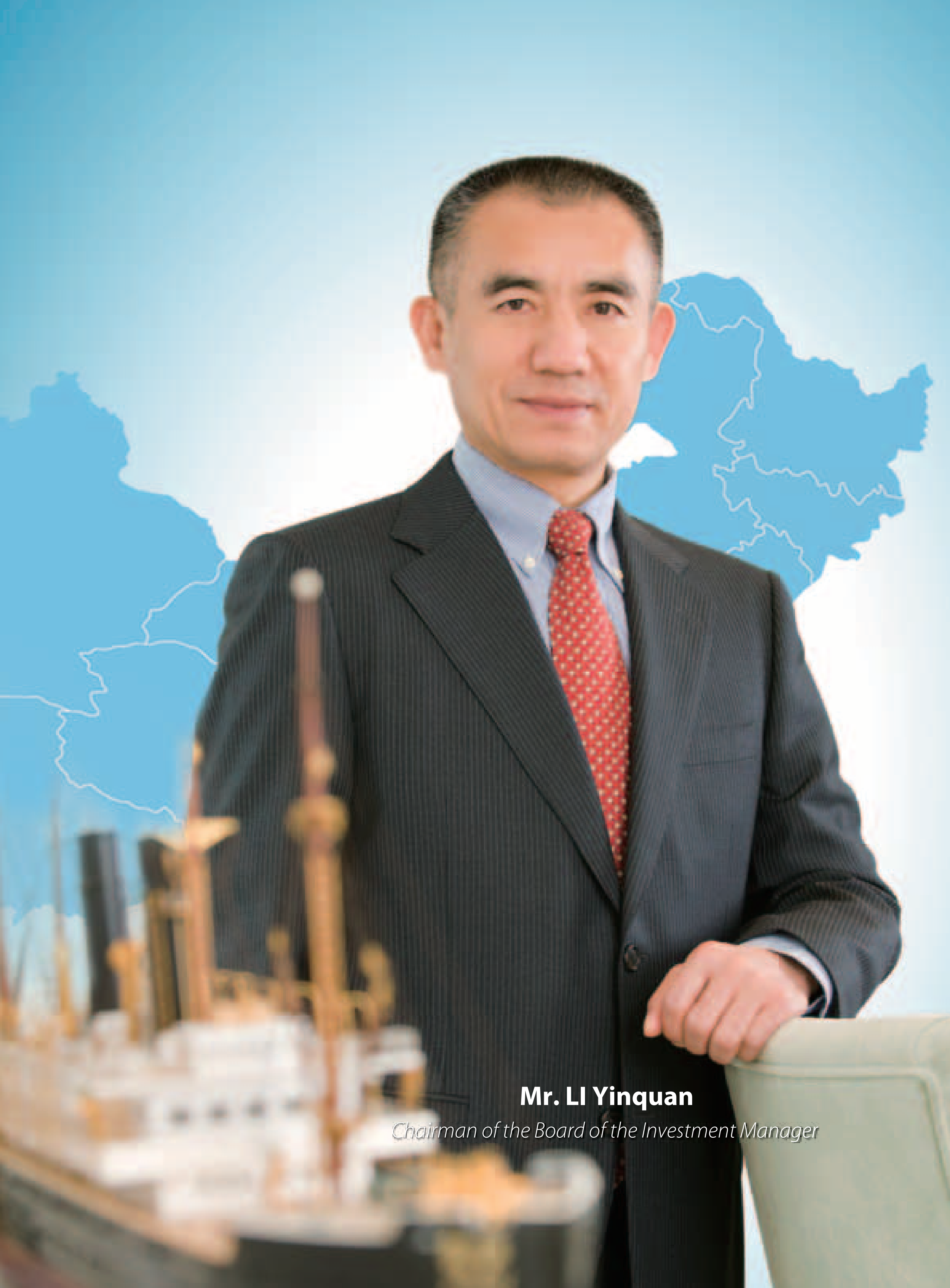
The existing investment management agreement expired on 31 December 2015. As such, the Company and the Investment Manager renewed an investment management agreement with a term of three years on 15 October 2015. With the consideration and recommendations of the Independent Board Committee, comprised entirely Independent Non-executive Directors of the Company, and approved by the independent shareholders of the Company on 25 November 2015, the new agreement came into effect on 1 January 2016.

Looking ahead to 2016, there will be challenges as well as opportunities. In 2016, the global economy is expected to sustain a mild recovery and the rate of economic growth may be higher when compared with that of 2015. The United States, the Eurozone and Japan are likely to recover modestly while emerging and developing economies may rebound slightly thanks to the slowing economic recession or partial normalisation of countries that faced economic difficulties in 2015, and with a spillover effect from the stronger economic activity of developed economies. The economic growth of China is expected to further slow in 2016, but gradually. Based on the latest estimate from the International Monetary Fund (IMF), GDP growth in China will be 6.3% in 2016. In October 2015, the Central Government proposed new targets and requirements for completion of the building of a moderately prosperous society, "striving to complete the target of building of a moderately prosperous society, maintaining medium to high economic growth, advancing the industries into a medium to high level, improving people's living standard and quality on the whole, significantly improving national citizens' quality and social civilisation, improving the quality of ecological environment on the whole and promoting the building of systems through reform and opening up." We expect that such policies will create more investment opportunities for the Group. As always, the Investment Manager will face the challenges ahead and strive to identify new investment opportunities that will increase shareholders' return.

Lastly, on behalf of the Board, I would like to offer my heartfelt gratitude to the members of the Audit Committee, Nomination Committee and Investment Committee, and to the entire staff of the Investment Manager, for their many contributions and dedicated effort, and to the shareholders for their support. As always, I will continue to give my best effort in leading the Group as we seek to create value for shareholders in the coming year.

Mr. HONG Xiaoyuan
Chairman

Hong Kong, 31 March 2016



Mr. LI Yinquan

Chairman of the Board of the Investment Manager

OVERALL PERFORMANCE

China Merchants China Direct Investments Limited and its subsidiaries (the "**Fund**") recorded a profit attributable to equity shareholders of US$46.24 million for the year ended 31 December 2015, compared to a profit attributable to equity shareholders of US$148.63 million for the same period last year, representing a decrease of US$102.39 million or 68.89% – with the profit decrease largely attributable to a smaller gain in fair value of the financial assets designated at fair value through profit or loss (the "**Financial Assets**"). As of 31 December 2015, the net assets of the Fund were US$635.33 million (31 December 2014: US$640.13 million), with a net asset value per share of US$4.171 (31 December 2014: US$4.202).

The gain on change in fair value of the Financial Assets for the year was US$31.49 million, compared to a gain of US$194.83 million for the same period last year, representing a decrease of 83.84%. The fair value of listed and unlisted investments recorded gains of US$13.58 million and of US$17.91 million, respectively. For more information on the change in fair value of each of the listed and unlisted investments, please see the section titled "Review of Investments" in this Investment Manager's Discussion and Analysis.

Total investment income for the year increased by 140.12% compared to the same period last year, to US$40.94 million (2014: US$17.05 million), due primarily to an increase in dividend/distribution income from investments, and to an increase in interest income.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

In 2015, the Fund continued to seek out and rigorously evaluate investment opportunities. The Fund made a capital injection into a committed culture and media project and also invested in two new financial services projects during the year.

On 4 May 2015, following review and approval by the China Securities Regulatory Commission (the "**CSRC**") of the reorganisation and merger proposal of BesTV New Media Co., Ltd. ("**BesTV**"), the Fund completed its subscription for 3.7 million A shares of BesTV in cash for a total of RMB120 million (equivalent to US$19.62 million) at a subscription price of RMB32.54 (subsequently adjusted to RMB32.43) per A share. BesTV is the sole resource consolidation and listing platform for Shanghai Media Group Ltd. ("**SMG**"), as well as an all-media and whole-industry chain platform company, spanning content production, cloud services and value-added advertising services. Pursuant to the reorganisation and merger proposal, BesTV was formally renamed to Shanghai Oriental Pearl Media Co., Ltd., effective 19 June 2015.

On 14 October 2015, the Fund made an investment of US$38.78 million in cash in JIC Leasing Co., Ltd. ("**JIC Leasing**") for a 6.46% equity interest in the enlarged capital of JIC Leasing. JIC Leasing is a leading independent finance leasing firm in China, principally engaged in finance leasing for businesses in a wide range of industries, including information technology; high-end equipment manufacturing; and healthcare, environmental protection and new energy.

During November and December 2015, the Fund acquired 42.38 million H shares of China Reinsurance (Group) Corporation ("**China Re**") at an average price of HK$2.35 per share on the Hong Kong secondary stock market, for an aggregate invested amount of HK$99.73 million (equivalent to US$12.87 million). As currently the only local reinsurance group in China, the businesses of China Re cover reinsurance, insurance, asset management, insurance brokerage, and insurance media.

During the year, the Fund did not directly dispose of any of its interests in listed or unlisted investment projects.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENTS

The Fund's cash on hand decreased by 63.76%, from US$148.78 million at the end of last year to US$53.92 million (representing 6.91% of the Fund's total assets) as of 31 December 2015, due primarily to the capital injections into BesTV, JIC Leasing and China Re, and payment of the Investment Manager's performance fee for 2014.

As of 31 December 2015, the Fund had no outstanding bank loans (31 December 2014: Nil).

As of 31 December 2015, the Fund had capital commitments of US$15.61 million (31 December 2014: US$35.98 million) for investments that were approved but not yet provided for in the financial statements – specifically, for future payments related to investments in China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) and Guangxi Xinhua Preschool Education Investment Corporation Limited.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the Fund's investments are located in China where the official currency is the Renminbi ("**RMB**"). The conversion rate of RMB against US dollar recorded a decrease of 6.12% in 2015, which had an unfavourable impact on the Fund since it holds a considerable amount of assets denominated in RMB. The Fund currently does not have any foreign currency hedging policy. However, the Fund monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

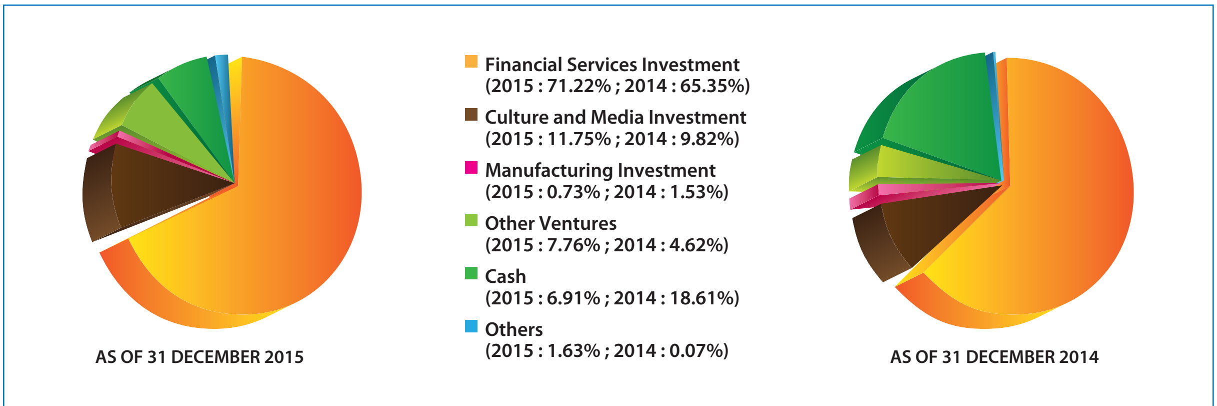
EMPLOYEES

Other than a qualified accountant whose remuneration package is determined and borne by the Investment Manager, the Fund has no employees. The Investment Manager handles the portfolio and day-to-day administration of the Fund.

THE PORTFOLIO

As of 31 December 2015, the Fund's total investments amounted to US$713.64 million. The sector distribution of investments was US$555.65 million in financial services (representing 71.22% of the Fund's total assets), US$91.73 million in culture and media (11.75%), US$5.71 million in manufacturing (0.73%), and US$60.55 million in other ventures (including energy and resources, information technology, agriculture, medical and pharmaceutical and education) (7.76%). In addition, cash on hand was US$53.92 million, representing 6.91% of the Fund's total assets as of 31 December 2015.

TOTAL ASSETS DISTRIBUTION



Mr. WANG Xiaoding

Managing Director of the Investment Manager

REVIEW OF INVESTMENTS

The following table shows the investment projects held by the Fund as at 31 December 2015:

(A) Direct Investments

Name of projects	Location of headquarters	Business nature	Listed (Stock Exchange)/ unlisted	Carrying value (US$ million)	Percentage of total assets %	Percentage of net assets %
Financial Services:						
#1. China Merchants Bank Co., Ltd.	Shenzhen, Guangdong	Banking	Shanghai Stock Exchange	153	19.56	24.02
#2. Industrial Bank Co., Ltd.	Fuzhou, Fujian	Banking	Shanghai Stock Exchange	176	22.53	27.66
#3. China Credit Trust Co., Ltd.	Beijing	Trust management	Unlisted	176	22.52	27.66
#4. JIC Leasing Co., Ltd.	Beijing	Finance leasing	Unlisted	38	4.85	5.96
5. China Media (Tianjin) Investment Management Co., Ltd.	Tianjin	Fund management	Unlisted	1	0.10	0.13
		Sub-total:		**544**	**69.56**	**85.43**
Culture & Media:						
#6. China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership)	Shanghai	Media investment	Unlisted	26	3.32	4.08
#7. NBA China, L.P.	Beijing	Sports marketing	Unlisted	26	3.38	4.15
8. Unibank Media Group Inc.	Beijing	Indoor media	Unlisted	3	0.37	0.46
#9. Esurfing Media Co., Ltd.	Shanghai	Mobile & online videos platform	Unlisted	22	2.88	3.54
#10. Shanghai Oriental Pearl Media Co., Ltd.	Shanghai	Multimedia	Shanghai Stock Exchange	14	1.80	2.21
		Sub-total:		**91**	**11.75**	**14.44**
Manufacturing:						
11. Shenzhen Geesun Zhiyun Technology Co., Ltd.	Shenzhen, Guangdong	Production equipment for lithium ion batteries	Unlisted	2	0.26	0.32
12. Jiangsu Huaer Quartz Materials Co., Ltd.	Yangzhou, Jiangsu	High purity silica crucibles	Unlisted	0	0.02	0.02
13. Liaoning Zhenlong Native Produce Holding Company Ltd.	Fuxin, Liaoning	Food processing	Unlisted	–	–	–
14. Hwagain Group Co., Ltd.	Nanning, Guangxi	Printing paper & tissue paper	Unlisted	4	0.45	0.56
		Sub-total:		**6**	**0.73**	**0.90**

Name of projects	Location of headquarters	Business nature	Listed (Stock Exchange)/ unlisted	Carrying value (US$ million)	Percentage of total assets %	Percentage of net assets %
Others:						
(i) Energy & Resources:						
15. Wuhan Rixin Technology Co., Ltd.	Wuhan, Hubei	Solar energy	Unlisted	8	0.98	1.20
(ii) Information Technology:						
16. Xi'an Jinpower Electrical Co., Ltd.	Xi'an, Shaanxi	Power grid monitoring system	Unlisted	2	0.28	0.34
17. NTong Technology Co., Ltd.	Beijing	Software development	Unlisted	–	–	–
18. Teralane Semiconductor (Shenzhen) Co., Ltd.	Shenzhen, Guangdong	IC design	Unlisted	0	0.06	0.08
(iii) Agriculture:						
19. Xinjiang Chengtian Agriculture & Animal Husbandry Development Co., Ltd.	Bazhou, Xinjiang	Cotton, jujube	Unlisted	4	0.50	0.61
(iv) Medical & Pharmaceutical:						
#20. Nanjing Sanhome Pharmaceutical Co., Ltd.	Nanjing, Jiangsu	Pharmaceutical	Unlisted	38	4.94	6.07
(v) Education:						
21. Guangxi Xinhua Preschool Education Investment Corporation Limited	Nanning, Guangxi	Preschool education	Unlisted	8	1.00	1.23
		Sub-total:		**60**	**7.76**	**9.53**
		Total:		**701**	**89.80**	**110.30**

(B) Listed Investments (acquired in the secondary market)

Name of projects	Location of headquarters	Business nature	Listed (Stock Exchange)	Carrying value (US$ million)	Percentage of total assets %	Percentage of net assets %
Financial Services:						
#22. China Reinsurance (Group) Corporation	Beijing	Reinsurance	Hong Kong Stock Exchange	13	1.66	2.03
		Total:		**13**	**1.66**	**2.03**
		Grand total:		**714**	**91.46**	**112.33**

Ten largest investments of the Fund as of 31 December 2015

China Merchants Bank Co., Ltd. ("CMB") is China's first joint-stock commercial bank, with its headquarters in Shenzhen, Guangdong and with its shares listed on the Shanghai Stock Exchange since 2002 and on the Hong Kong Stock Exchange since 2006. As of 31 December 2015, the Fund held 55.20 million A shares of CMB, representing an equity interest of 0.219%, with a corresponding investment cost of RMB154.61 million (equivalent to US$19.79 million). In July 2015, the Fund received a cash dividend of RMB36.98 million from CMB for 2014.

As of the end of 2015, the carrying value of the Fund's interest in CMB was US$152.58 million, representing an increase of 2.20% over US$149.29 million at the end of last year.

On 30 March 2016, CMB announced that its audited net profit for 2015 was RMB57.7 billion, up 3.19% year-over-year.

CMB has become the first commercial bank with state capital to adopt an employee stock ownership plan (ESOP). In June 2015, the ESOP of CMB was approved at its shareholders meeting, permitting the non-public issuance of A shares to raise total capital of no more than RMB6 billion at an issue price of 90% of the average closing price of CMB A shares for the 20 trading days preceding the price determination date, subject to adjustments to the issue price and the size of issuance based on the ex-rights and ex-dividend events during the period between the price determination date and the first day of the issuance period.

During 2015, the Fund did not dispose of any A shares of CMB.

Industrial Bank Co., Ltd. ("IBC") is a joint-stock commercial bank incorporated in the PRC, with its headquarters in Fuzhou, Fujian and with its shares listed on the Shanghai Stock Exchange since 2007. As of 31 December 2015, the Fund held 66.94 million A shares of IBC, representing an equity interest of 0.351%, with a corresponding investment cost of RMB110.18 million (equivalent to US$11.55 million). In May 2015, the Fund received a cash dividend of RMB38.15 million from IBC for 2014.

As of the end of 2015, the carrying value of the Fund's interest in IBC was US$175.75 million, representing a decrease of 2.63% from the value at the end of last year of US$180.49 million.

According to an announcement made by IBC on 15 January 2016, the unaudited net profit of IBC for 2015 was RMB50.3 billion, up 6.62% year-over-year.

According to an announcement made by IBC, Hang Seng Bank Limited, formerly the third largest shareholder of IBC with a 10.87% equity interest, disposed of its equity interests in IBC through the block trading system of the Shanghai Stock Exchange in February and May 2015, respectively. With its stake reduced to less than 1%, Hang Seng Bank Limited is no longer a substantial shareholder of IBC.

In June 2015, IBC signed a strategic cooperation framework agreement with Zhejiang Ant Small and Micro Financial Services Group ("**Ant Financial**"). Pursuant to the agreement, IBC and Ant Financial will carry out comprehensive strategic cooperation in areas such as the sharing of channels, complementary businesses, cooperation in product development, and sharing of technologies and information.

In December 2014 and June 2015, IBC issued domestic preferred shares by way of non-public offerings, each in the scope of 130 million shares, and raised a total of RMB26 billion to replenish its other Tier-1 capital.

Interest rate liberalisation has gradually narrowed the net interest spread for banks, which in turn has affected IBC's original plans of supporting its business development with capital sourced from its internally generated profits. As such, the shareholders meeting of IBC passed a resolution for the issuance of Tier-2 bonds in October 2015. According to the resolution, the firm will issue qualified Tier-2 bonds of no more than RMB30 billion in onshore and offshore markets, either in full or by installments, depending on the regulatory orientation and market conditions through the end of 2016. The proceeds will supplement the firm's Tier-2 capital and improve its capital adequacy ratio.

During 2015, the Fund did not dispose of any A shares of IBC.

China Credit Trust Co., Ltd. ("CCT") was established in 1995. The principal activities of CCT are trust management, fund management, investments and loan financing. As of 31 December 2015, the Fund held a 6.94% equity interest in CCT, with a total investment cost of US$50.49 million. In July and August 2015, the Fund received total cash dividends of US$4.38 million from CCT for 2014.

As of the end of 2015, the carrying value of the Fund's interest in CCT was US$175.73 million, representing a decrease of 8.33% from the value at the end of last year of US$191.70 million.

For 2015, CCT recorded an unaudited net profit of RMB1.54 billion, representing a decrease of 27.82% from the same period last year. During 2015, CCT's revenue decreased from the same period last year as the result of a decline in interest income, commissions and handling fees, which more than offset a substantial increase in investment income. Meanwhile, the provision for asset impairments made in 2015 also increased from the same period last year. In order to strengthen its risk controls, CCT raised the requirements for approval of new projects, which will affect the number and scale of new projects, as well as revenues from new projects, in the coming years.

In 2015, the overall size of newly established real estate collective trusts in the market was significantly smaller than in the same period last year, as both trust companies and investors grew concerned about risks in the property market and took a prudent attitude toward real estate collective trusts. At the same time, the prosperous Chinese stock market in the first half of 2015 supported growth in securities trust products, making them the category with the largest number of trusts and the greatest amount of capital raised among collective trust products that were newly established in the first half of 2015. However, with the plunge of the stock market since mid-June, the size of newly established securities trust products saw a significant decrease in the second half of the year.

Trust companies are now facing even more intense competition as securities companies, investment fund companies, and banks have developed products that are similar to trusts. Furthermore, under new rules, any new trust products issued after 1 April 2015 must use 1% of the amount raised to subscribe to the China Trust Industry Protection Fund. Consequently, the operating cost of trust products has increased, greatly impacting the low-profit-margin trust products launched based on bank-trust cooperation.

In January 2015, 深圳前海中誠股權投資基金管理有限公司 (Shenzhen Qianhai China Credit Trust Equity Investment Fund Management Ltd.), a subsidiary of CCT, obtained pilot qualification as one of the first qualified domestic investment enterprises (QDIE), and CCT became the first trust company to obtain such a qualification. QDIE is a new cross-border investment channel with a broader and more flexible scope of overseas investments for Mainland Chinese investors. With the QDIE qualification, CCT became the first trust company owning a full range of licenses for cross-border business.

JIC Leasing Co., Ltd. ("JIC Leasing") was established in Beijing in 1989, and is a leading independent finance leasing firm in China, principally engaged in finance leasing for businesses in a wide range of industries, including information technology; high-end equipment manufacturing; and healthcare, environmental protection and new energy. The Fund invested RMB246 million (equivalent to US$38.78 million) in October 2015 for a 6.46% equity interest in JIC Leasing.

As of the end of 2015, the carrying value of the Fund's interest in JIC Leasing was US$37.87 million.

As a result of the rapid development of the leasing business, JIC Leasing introduced strategic investors to supplement its capital in 2015, and the business then saw a rapid expansion. For 2015, JIC Leasing recorded an unaudited net profit of RMB320 million, up 41.59% year-over-year.

China Media (Tianjin) Investment Management Co., Ltd. ("China Media Management") was established in Tianjin, with registered capital of RMB60 million. The Fund invested RMB4.62 million (equivalent to US$0.68 million) in April 2010 for a 7.70% equity interest in China Media Management. As the general partner and investment manager of China Media Investment (see the section on China Media Investment below), China Media Management is responsible for defining and executing the investment strategy for China Media Investment, as well as for managing their operations.

As of the end of 2015, the carrying value of the Fund's interest in China Media Management was US$0.81 million, representing a decrease of 17.35% from the value at the end of last year of US$0.98 million.

In 2015, China Media Management helped China Media Investment successfully dispose of the OCJ (東方購物) project and helped IMAX China Holding, Inc. successfully list on the Hong Kong Stock Exchange. In addition, it is also actively assisting China Media Investment to exit from other projects, including Star China, so as to realise a return on its investments.

China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) ("China Media Investment") was established in Shanghai, and is the first fund in the culture and media sector approved for registration by the National Development and Reform Commission. Its total capitalisation is RMB2 billion. China Media Investment has an investment horizon of 10 years. The scope of investments for China Media Investment include major projects in broadcasting and media, publishing, animation and creative media, as well as direct investments in the culture and media sector in both China and overseas. China Media Management, in which the Fund has an interest, is the general partner and investment manager of China Media Investment. China Media Investment has entered into the investment exit period.

In April 2010, the Fund agreed to make a capital investment of RMB200 million by installments in China Media Investment. The first installment of RMB40 million (equivalent to US$5.86 million) was made by the Fund in June 2010. The second installment of RMB6.26 million (equivalent to US$0.95 million) was made in March 2011, and additional capital investments of RMB6.77 million (equivalent to US$1.08 million), RMB28.82 million (equivalent to US$4.57 million), RMB3.08 million (equivalent to US$0.48 million) and RMB35.24 million (equivalent to US$5.56 million) were made in February, July, August and September 2012, respectively. The seventh installment of RMB20.64 million (equivalent to US$3.35 million) was made in September 2013, the eighth installment of RMB12.57 million (equivalent to US$2.05 million) was made in February 2014, and the ninth installment of RMB5.28 million (equivalent to US$0.86 million) was made in June 2014. Cumulatively, the Fund has invested RMB158.66 million (equivalent to US$24.76 million) in China Media Investment, representing 79.33% of the total investment of RMB200 million committed by the Fund.

In addition to the payments listed above, the Fund invested RMB12.45 million (equivalent to US$2.02 million) cash in China Media Investment in April 2014, specifically for the purpose of investing in IMAX China Holding, Inc. ("**IMAX China**"). IMAX Corporation ("**IMAX**") began operations in China in 2001 and IMAX China was incorporated in the Cayman Islands in 2011. IMAX China is a leading cinematic technology provider, the exclusive licensee of the IMAX brand in the theatre and films business, and the sole commercial platform for the release of IMAX format films in Greater China. Standing for the highest quality and most immersive motion picture entertainment experience, the IMAX brand is one of the strongest entertainment brands in Greater China, having had a presence in China for nearly 15 years. IMAX China conducted an initial public offering (IPO) and was listed in Hong Kong on 8 October 2015 with an issuance price of HK$31 per share. China Media Investment and the Fund jointly sold a total of 5.53 million shares of IMAX China beneficially owned by them at the IPO issuance price with a total amount of HK$171 million upon listing. After the completion of the issuance for listing, the Fund beneficially owns 1.02 million shares of IMAX China, accounting for 0.287% of the issued share capital of IMAX China. On 23 March 2016, as arranged by the relevant intermediary for the share placement, China Media Investment and the Fund jointly sold a total of 5 million shares of IMAX China at a price of HK$47 per share. After the completion of the share placement, the Fund still beneficially owns 0.52 million shares of IMAX China, accounting for 0.146% of the issued share capital of IMAX China. The lock-up period for these shares will expire on 8 July 2016.

Through the end of March 2016, the Fund has received a total investment return of RMB134 million from China Media Investment, including the investment return from IMAX China, and representing 78.55% of the total cumulative amount invested by the Fund.

As of the end of 2015, the carrying value of the Fund's interest in China Media Investment was US$25.94 million, representing an increase of 10.34% over US$23.51 million at the end of last year.

As of the end of 2015, the unaudited net asset value of China Media Investment was RMB1.125 billion, representing a decrease of 13.79% from the value at the end of last year of RMB1.305 billion, due primarily to a cash distribution made to its investors, including the Fund, during 2015.

By the end of 2015, China Media Investment had completed investments in seven projects, namely, Star China, Renren Inc., OCJ (東方購物), Shanghai Jade East Propagation Co., Ltd. (上海翡翠東方傳播有限公司), Shanghai Oriental DreamWorks Co., Ltd. (上海東方夢工廠有限公司), IMAX China and Shanghai Gewara Business Info Consulting Co., Ltd. ("**Gewara**"). Among these, OCJ was successfully sold to BesTV in the second quarter of 2015. Certain shares of IMAX China were sold upon listing in October 2015. And Gewara officially announced a merger with 北京微影時代科技有限公司 (Beijing Weiying Times Technology Co., Ltd.) in December 2015, which should lead to the exit of China Media Investment.

NBA China, L.P. ("NBA China") is a limited liability partnership incorporated in the Cayman Islands in 2007. NBA China conducts all of the NBA's businesses in the Greater China Region, including television broadcasting rights, advertising, sponsorships, events, digital media, and merchandising, among other new businesses. The original investment by the Fund in 2008 was US$23 million, representing a 1% partnership interest in NBA China. The Fund received a partial return of capital from NBA China in January 2013, in the amount of US$17.25 million. The principal amount of the Fund's investment in NBA China then decreased to US$5.75 million. As of 31 December 2015, the Fund held a 1% partnership interest in NBA China. The Fund received a cash distribution from NBA China of US$296,400 and US$293,500 in January 2015 and January 2016, respectively. On 29 March 2016, the Fund received another partial return of capital of US$1.17 million from NBA China, and the principal amount of the Fund's investment in NBA China further decreased to US$4.58 million.

As of the end of 2015, the carrying value of the Fund's interest in NBA China was US$26.40 million, representing an increase of 59.52% over US$16.55 million at the end of last year. The Fund's profit attributable to its investment in NBA China for 2015 was US$10.15 million, up 77.66% year-over-year.

On 30 January 2015, NBA and Tencent Holdings Limited ("**Tencent**") announced a five-year expansion of their partnership, which has created the league's largest international digital partnership. The partnership became effective on 1 July 2015. As the exclusive official digital partner of the NBA in China, Tencent features a record number of live NBA games, and delivers enhanced original NBA programming and highlights, through personal computers and mobile devices. In addition, in 2015, NBA China announced successively that it had signed or renewed partnerships with many sponsors, including MasterKong, Dongfeng Nissan, Castrol, Wolf Blass, Harbin Beer and Mengniu.

On 24 June 2015, NBA China announced that it would spend RMB10 million in a joint effort with the Ministry of Education of China to build or refurbish public basketball courts across China. The basketball court refurbishing and building project plays an important role in the long-term partnership between NBA China and the Ministry of Education of China. Both parties will work together to promote basketball training and popularise basketball as a sport at Chinese universities, colleges, and secondary and primary schools.

Unibank Media Group Inc. ("Unibank Media") was established in Beijing in 2011 as an operating entity following a merger and reorganisation, and is principally engaged in commercial advertising through its video display network in banking service outlets across China. The Fund made a total investment of RMB75 million (equivalent to US$10.98 million) in one of its predecessors, Inbank Media (China) Co., Ltd. ("**Inbank Media**") in June 2009 and February 2010, and held a 14.51% equity interest in Inbank Media. After the completion of the merger and reorganisation, as well as a capital increase by Inbank Media in 2011, the Fund held a 7.62% equity interest in Unibank Media. (Note: The Fund has made a contingent commitment to transfer a 1.14% stake in Unibank Media to the management of Unibank Media, as an incentive earned upon completion of an IPO or sale of the business. The total incentive to the management of Unibank Media is a 15% stake in Unibank Media, to be transferred by all shareholders, and 1.14% is the Fund's pro rata portion of the incentive. Net of this incentive, the Fund's stake in Unibank Media will be 6.48%.) In September 2015, certain existing shareholders of Unibank Media increased their capital position in the company by cash of RMB75 million (and the corresponding valuation of Unibank Media was approximately RMB1,071 million after the capital increase, accounting for 7% of the capital of Unibank Media and meaning that the stake of shareholders not participating in the capital increase was diluted by approximately 7%, accordingly). However, some portion of the increased capitals has not yet been paid. After the completion of the capital increase, the Fund's equity interest in Unibank Media was diluted to 7.09%, accordingly. If the above incentive to the management is taken into account, the Fund's equity interest in Unibank Media will be 6.03%. In July 2015, the Fund received a cash dividend of RMB735,700 from Unibank Media.

As of the end of 2015, the carrying value of the Fund's interest in Unibank Media was US$2.90 million, representing an increase of 6.23% over US$2.73 million at the end of last year.

In the first half of 2015, Unibank Media's efforts were mainly focused on trouble-shooting and optimisation of its Wi-Fi trial operations. In the second half of 2015, it increased investment in software and hardware in the mobile Wi-Fi domain, but it proceeded more slowly than in its original plans. Benefiting from the growth in advertising revenue from high-end accessories and other consumer goods, the unaudited sales revenue of Unibank Media in 2015 exceeded its target for the year.

Unibank Media plans to complete its overall conversion into a joint-stock limited company in 2016 and is considering the feasibility of various listing models. To this end, it has appointed relevant intermediaries to provide it with professional services.

Esurfing Media Co., Ltd. ("Esurfing") was established in Shanghai in 2011. It is principally engaged in providing platform services for mobile and online videos, and is one of the larger mobile video platform enterprises in China. The Fund invested RMB102 million (equivalent to US$16.07 million) in August 2012 for a 5.37% equity interest in Esurfing. In November 2015, the Fund received a cash dividend of RMB3.83 million from Esurfing.

As of the end of 2015, the carrying value of the Fund's interest in Esurfing was US$22.48 million, representing a decrease of 37.05% from the value at the end of last year of US$35.71 million.

In 2015, Esurfing recorded an unaudited net profit of RMB40.18 million, down 63.76% year-over-year, with the decrease due to several factors. Domestic operators entered into more intense competition in the market for 4G applications, forcing the company to increase spending on marketing, content strategies and the introduction of new products. In addition, domestic enterprises tightened restrictions on the reimbursement of value added service fees for telecommunications, which reduced the monthly average revenue per user (ARPU). Furthermore, in the fourth quarter, the company introduced iTV/OTT connections in a number of different provinces, in order to increase the number of users, which increased development costs.

Esurfing plans to complete its overall conversion into a joint-stock limited company and apply for listing on the National Equities Exchange and Quotations (New Third Board) in 2016. It also plans to launch a new round of financing, with the intent to introduce new strategic investors who have compelling content resources or licenses for new value-added business, and to utilise its adequate cash flows to integrate one or two companies that complement the principal business of Esurfing. The financing plan is still in progress, and the Fund is closely monitoring progress on these matters.

Shanghai Oriental Pearl Media Co., Ltd. ("Oriental Pearl") is a new operating entity formed following a reorganisation and merger with BesTV, a listed company under SMG, of Shanghai Oriental Pearl (Group) Co., Ltd., formerly also a listed company, along with the injection of relevant advertisement, content production and new media assets by SMG, its largest shareholder, before being renamed to Oriental Pearl from BesTV. The restructuring was completed in June 2015. Oriental Pearl will push forward with the integration and development of traditional and emerging media and become the sole resource consolidation and listing platform for SMG, as well as an all-media and whole-industry chain platform company, spanning content production, cloud services and value-added advertising services. At the same time, Oriental Pearl will draw on its strong media business as a foundation for growth, adopt the Internet TV business as a strategic point of entry, convert its audiences to users, cash in on data traffic, build an Internet media-based ecological system, business model and system structure, and develop into a new type of Internet media group with the highest market value, communication capability, credibility and influence. In May 2015, the Fund invested RMB120 million (equivalent to US$19.62 million), through a partnership enterprise, in Oriental Pearl for a beneficial ownership of 3.7 million A shares, representing a 0.14% equity interest. There is a 3-year lock-up period for the A shares of Oriental Pearl beneficially owned by the Fund.

As of the end of 2015, the carrying value of the Fund's interest in Oriental Pearl was US$14.02 million.

For the nine months ended 30 September 2015, the unaudited net profit of Oriental Pearl was RMB2.525 billion, up 34.24% year-over-year.

In the fourth quarter of 2015, Oriental Pearl reached memorandums of cooperation with Whiz Partners (a Japanese private equity fund company), CRI Middleware (a leading Japanese provider of technical services for intermediary game software), Wangsu Science & Technology Co., Ltd., Huawei Technologies Co., Ltd., ZTE Corporation and ZTE9 Network Technology (Wuxi) Co., Ltd., which further explored the Internet-based TV and the games and entertainment industries.

Shenzhen Geesun Zhiyun Technology Co., Ltd. ("Geesun Zhiyun") was established in Shenzhen, Guangdong in 2006 and is a leading manufacturer of equipment and automated production lines for lithium ion batteries and supercapacitors in China. Its name was changed to its present name in April 2015 as a result of an acquisition and capital increase. The Fund invested RMB20 million (equivalent to US$2.93 million) in May 2010, and held a 12.65% stake in Geesun Zhiyun as of 31 December 2015.

As of the end of 2015, the carrying value of the Fund's interest in Geesun Zhiyun was US$2.05 million, representing an increase of 173.33% over US$0.75 million at the end of last year.

In February 2015, 大連智雲自動化裝備股份有限公司 (Dalian Zhiyun Automation Co., Ltd., "**Zhiyun**"), which is an A-share listed company, the controlling shareholder and certain major shareholders of Shenzhen Geesun Automation Technology Co., Ltd., the predecessor of Geesun Zhiyun, signed an equity transfer and capital increase agreement. All of the transactions as stipulated in the agreement were subsequently completed in April 2015. Currently, Zhiyun holds a 53.59% stake in Geesun Zhiyun, and Zhiyun has committed that it will acquire the stake of Geesun Zhiyun held by the Fund at a valuation of 12 times the 2016 or 2017 net profit (excluding extraordinary items) of Geesun Zhiyun.

Driven by strong demand growth in the downstream industry of lithium ion power batteries, Geesun Zhiyun recorded an unaudited operating profit of RMB1.29 million for 2015, while it sustained an operating loss for the same period last year.

Jiangsu Huaer Quartz Materials Co., Ltd. ("Jiangsu Huaer") was established in Yangzhou, Jiangsu and is principally engaged in the research and development, and production, of high purity silica crucibles. Jiangsu Huaer is a manufacturer producing silica crucibles with comprehensive specifications in China, and has the capability to produce 28-inch silica crucibles, or larger, on a vast scale. The silica crucible products are consumable auxiliary equipment required to produce single crystalline silicon ingots, which are used in turn to produce single crystalline silicon solar cells and semiconductor chips. The Fund invested RMB15 million (equivalent to US$2.23 million) in September 2010 for a 7.50% equity interest in Jiangsu Huaer.

As of the end of 2015, the carrying value of the Fund's interest in Jiangsu Huaer was US$0.13 million, representing an increase of 225% over US$0.04 million at the end of last year.

Market demand for both the single crystalline silicon solar cells and high purity silica crucible products used for the production slightly recovered in 2015. However, due to several factors, including certain past-due trade receivables and a challenging environment for external financing, Jiangsu Huaer's financing costs remained high, greatly affecting its normal production and operations. Jiangsu Huaer did not achieve profitability for the year. Currently, while decreasing supply to the delinquent customers and stepping up efforts to recover past-due trade receivables, Jiangsu Huaer is also continuing to develop other domestic and overseas customers by leveraging its industry-leading products and quality control capabilities. The credit terms for domestic orders have been shortened for all but a few delinquent customers. However, these more challenging customers continue to comprise a high proportion of past-due trade receivables, leading to tight liquidity, and thereby limiting the number of orders the company can receive. As such, the company may not see a significant improvement in operational results in the short term.

Liaoning Zhenlong Native Produce Holding Company Ltd. ("Liaoning Zhenlong") was established in Fuxin, Liaoning in 2000. It is a joint-stock limited company with an export license, principally engaged in the acquisition, processing, and sale of pumpkin seeds and other nut products. Its main products include pumpkin seeds, pumpkin nuts, sunflower seeds, sunflower nuts, pine nuts, pistachios, and almonds, as well as other baked nuts, pumpkin dried buckwheat noodles and cereals, etc. Products are sold via two channels, overseas and domestic. The overseas market covers more than twenty countries and regions in Europe, America, Asia Pacific and Oceania, while the domestic market covers mid-size to large cities, including Shanghai, Beijing, Nanjing and Chengdu. The Fund invested a total of RMB19.20 million (equivalent to US$2.97 million) in August 2011 for a 2% equity interest in Liaoning Zhenlong.

As of the end of 2015, the carrying value of the Fund's interest in Liaoning Zhenlong was nil, and the value at the end of last year was US$5.30 million.

In June 2015, according to the information released, the CSRC decided to terminate its review of the company's IPO application. In January 2016, the CSRC officially initiated an investigation into possible irregularities related to the proposed IPO of Liaoning Zhenlong, and at the same time issued a letter of investigation to the intermediaries appointed by Liaoning Zhenlong for the IPO.

The Fund will closely monitor progress on these matters, while also actively seeking a suitable way to exit from the project.

Hwagain Group Co., Ltd. ("Hwagain") was formed by the merger of two paper manufacturers located in Nanning, Guangxi in 1998. It is principally engaged in the research and development, production, and sale of high quality printing paper and tissue paper. The Fund invested RMB119.99 million (equivalent to US$19.00 million) in January 2012 for a 7.10% equity interest in Hwagain. Hwagain proposed a cash dividend payable in 2015, but the resolution was vetoed at its shareholders meeting.

As of the end of 2015, the carrying value of the Fund's interest in Hwagain was US$3.54 million, representing a decrease of 42.44% from the value at the end of last year of US$6.15 million.

During 2015, due to a range of factors – including the slow recovery of the global economy, the gradual stabilisation and recovery of prices of imported paper pulp, the suspension of production by many smaller firms due to sizable losses, and increasingly strict environment reviews – the market for printing paper remained weak. However, days of inventory for the industry have gradually dropped to a level close to the average in previous years, the terminal sale price of printing paper has rebounded slightly, and profitability has recovered to some extent as well. Meanwhile, in the tissue paper industry, leading brands are leveraging the Internet/mobile Internet business platform and other new channels to provide consumers with more convenient and affordable products, eroding the market share of second-tier brands. During this process, some new entrants have cut output or suspended production under pressure.

For Hwagain, which operates with a "Forest-Pulp-Paper Integration" business strategy, its forest resources gradually entered a felling cycle beginning in the second half of 2012. Since then, the forestry business has realised a profit. The construction of Project Phases I and II in Ganzhou, Jiangxi were completed and put into production in the second half of 2013 and first half of 2014, respectively, and the automation and production efficiency of imported equipment for the new project have been high, with both factors helping to improve product quality and reduce the production cost of pulp and paper for Hwagain, which has in turn helped Hwagain to maintain a relatively strong competitive position in the market for tissue paper. Moreover, in the third quarter of 2014, due to municipal development planning in Nanning, 南寧紙業 (Nanning Paper), a subsidiary of Hwagain, officially stopped production. As a result, the capacity utilisation rate and production-to-sales ratio for the high-efficiency, high-speed paper machinery in the new Ganzhou project have been held at a relatively high level. However, as the new Ganzhou project was gradually fine-tuned and brought into full production, it was reclassified from construction-in-progress to a fixed asset placed into service. This, in turn, triggered higher depreciation costs, which have increased pressure on operating profit.

At present, the compensation agreement on the appraised value of assets between Hwagain and the Nanning municipal government has been materially completed. The first compensation payment was received in December 2014. Hwagain has also reached an understanding with the Nanning municipal government on the remaining balance of compensation due, and it has been receiving compensation payments by installments since the second quarter of 2015.

Wuhan Rixin Technology Co., Ltd. ("Wuhan Rixin") was incorporated in Wuhan, Hubei in 2001 and is a state-accredited high technology enterprise engaged in the design, production and installation of solar modules and Building Integrated Photovoltaic (BIPV) products, as well as in the operation, maintenance and management of solar powered electric systems. The Fund invested RMB15 million (equivalent to US$2.20 million) in July 2009 and holds 4.34% equity interest in Wuhan Rixin as of 31 December 2015.

As of the end of 2015, the carrying value of the Fund's interest in Wuhan Rixin was US$7.65 million, representing an increase of 33.98% over US$5.71 million at the end of last year.

In December 2015, Wuhan Rixin signed an agreement to sell its 100% equity interest in 湖北省麻城市金伏太陽能電力有限公司 (Hubei Macheng Jinfu Solar Energy Power Co., Ltd., "**Jinfu Solar Energy**") to GCL New Energy Holdings Limited, a Hong Kong listed company, for a price of RMB45 million. Subsequently, Wuhan Rixin was also appointed as the contractor for Jinfu Solar Energy, responsible for the engineering, procurement and construction of a 110-megawatt photovoltaic power station in Zhongguanyi Town, Macheng, Hubei. The contract consideration is RMB941 million.

On 5 February 2016, the stock of Wuhan Rixin was listed for trading on the New Third Board.

Xi'an Jinpower Electrical Co., Ltd. ("Jinpower Electrical") was established in Xi'an, Shaanxi in 2001 and is a high technology enterprise principally engaged in the research and development, and production, of intelligent on-line monitoring systems for transmission lines and substation equipment for the power grid. The Fund invested RMB20 million (equivalent to US$3.03 million) in January 2011. As of 31 December 2015, the Fund held a 4.83% equity interest in Jinpower Electrical.

As of the end of 2015, the carrying value of the Fund's interest in Jinpower Electrical was US$2.16 million, representing an increase of 44% over US$1.50 million at the end of last year.

The plans of the State Grid Corporation of China for quality improvement of smart power grid online monitoring equipment have been delayed many times. In addition, since 2015, the average amount of individual project bids for on-line monitoring has been decreasing, with a greater number of enterprises winning the bid. Viewed in terms of the awards released, the contracts awarded to Jinpower Electrical in 2015 grew, but the amount of awards saw no meaningful increase compared with 2014. In light of these market conditions, Jinpower Electrical has shifted its focus to the research and development of new products for power station monitoring, and has joined well-known research institutes in the development of monitoring robots and other new products, as it seeks to gradually recover and improve its operating results.

On 11 January 2016, the stock of Jinpower Electrical was listed for trading on the New Third Board.

NTong Technology Co., Ltd. ("NTong") was established in Beijing in 2002 and is principally engaged in software development, operation and maintenance of information technology systems, and systems integration. The Fund invested RMB66.50 million (equivalent to US$10.41 million) in August 2011 for a 12.34% equity interest in NTong.

As of the end of 2015, the carrying value of the Fund's interest in NTong was nil, same as that at the end of last year.

The management of NTong reported in the thirteenth meeting of the first board of directors on 25 September 2014 that it had lost contact with Mr. GUAN Peiyi, chairman of the board, since 8 September 2014. At the same time, NTong discovered through a self-financial examination that a vast amount of cash, as well as a portion of the company's books and records, could not be located. The board of directors of NTong reported the matter to the Public Security Authority of China and passed a resolution to dismiss Mr. GUAN from his duties as the chairman of the board.

NTong has filed for bankruptcy in the court of Haidian District, Beijing (the "**Haidian Court**"). In June 2015, the Haidian Court officially accepted the bankruptcy application of NTong. NTong will convene the creditors' meeting under the guidance of the administrator appointed by the Haidian Court to vote on the reorganisation plans proposed by all parties to the reorganisation. The Fund will closely monitor progress on these matters.

Teralane Semiconductor (Shenzhen) Co., Ltd. ("Teralane Semiconductor") was established in Shenzhen, Guangdong in 2004 and is principally engaged in the design of integrated circuits (IC), the research and development, manufacturing, and sale of related products, and the provision of related systems integration and technical services. In December 2011, the Fund subscribed to an issuance of convertible bonds by Teralane Semiconductor in the amount of RMB5 million (equivalent to US$0.79 million). The convertible bonds could be converted into an approximately 1.80% equity interest in the enlarged capital of Teralane Semiconductor (per the registered capital at the time of subscription).

As of the end of 2015, the carrying value of the bonds of Teralane Semiconductor held by the Fund was US$0.48 million, representing a decrease of 2.04% from the value at the end of last year of US$0.49 million.

On 15 January 2014, the Fund entered into a supplemental agreement with Teralane Semiconductor confirming the non-exercise of the conversion right. Pursuant to the supplemental agreement, Teralane Semiconductor paid interest amounting to RMB1.20 million for the period from December 2011 to December 2013, and was expected to pay the outstanding principal amount of RMB5 million prior to 30 June 2014, together with accrued interest from December 2013 through the principal payment date. However, Teralane Semiconductor subsequently did not make any payments other than the interest payment of RMB1.20 million above. In order to safeguard the rights and interests of the Fund, the Fund commissioned lawyers to sue Teralane Semiconductor in the court of Nanshan District, Shenzhen (the "**Nanshan Court**") and requested to seize its assets, including bank accounts and the equity interests of its subsidiaries. In September 2014, the Nanshan Court issued a final conciliation award, pursuant to which the Fund was permitted to enforce collection by seizing the bank account of Teralane Semiconductor, with a balance of RMB3 million. On 4 November 2014, the Fund received the above-mentioned sum of RMB3 million, forwarded from the Nanshan Court.

As Teralane Semiconductor failed to return all of the remaining principal and interest due to the Fund, for a total of RMB2.475 million by 25 November 2014, as required by the conciliation award, the Fund applied for enforcement with the Nanshan Court on 27 November 2014, and the application was granted. The Fund then froze a number of Teralane Semiconductor's bank accounts, but the total balance of these accounts remained far less than the amount claimed by the Fund. In October 2015, the Nanshan Court informed the Fund in writing that, upon its inquiries and verification, Teralane Semiconductor did not have any enforceable property, and that it would terminate the enforcement process, and that in the event the Fund does identify any new enforceable property for Teralane Semiconductor in the future, the Fund can re-apply for compulsory execution. In this respect, the Fund has applied with the Nanshan Court to recover over RMB130,000 from the seized accounts and, at the same time, the Fund will study the feasibility of other claim solutions, including an auction of the frozen shares in the subsidiaries of Teralane Semiconductor.

Xinjiang Chengtian Agriculture & Animal Husbandry Development Co., Ltd. ("Chengtian") was established in Yuli County of Bayingolin Mongol Autonomous Prefecture, Xinjiang in 2007. Chengtian's current principal businesses include acquisition of unginned cotton and cottonseed; processing of unginned cotton; wholesale and retail sales of ginned cotton, cotton by-products, cotton linter, and cottonseed; processing and sale of cottonseed oil, cottonseed husk, cottonseed meal, and cottonseed protein; and cultivation and sale of cotton, jujube, fruit, animal forage and other crops. The Fund invested RMB30 million (equivalent to US$4.73 million) in July 2012 for a 6.25% equity interest in Chengtian.

As of the end of 2015, the carrying value of the Fund's interest in Chengtian was US3.90 million, representing a decrease of 5.80% from the value at the end of last year of US$4.14 million.

The Fund and the controlling shareholder of Chengtian entered into an agreement on 23 September 2013 whereby the Fund agreed to sell, and the controlling shareholder agreed to purchase, the Fund's entire 6.25% equity interest in Chengtian. Total consideration for the disposal was RMB35.79 million, payable in three installments, with the last to be settled on or before 31 August 2014. After the Fund had received the consideration in full, the Fund was to complete the transfer of its entire equity interest in Chengtian to the controlling shareholder. The Fund received the first installment of RMB12.53 million in October 2013 and the second installment of RMB12.78 million in March 2014.

The controlling shareholder of Chengtian indicated that due to changes in government policies for cotton collection and storage, as well as a remarkable fall in cotton prices in China, the Agricultural Development Bank had demanded an early settlement of certain loans, and had furthermore linked this demand to the availability of new cotton purchase loans, such that there was a shortage of cash flows at Chengtian. As a result, the final payment for the repurchase of the equity interest, originally payable on 31 August 2014, could not be made on schedule.

In October 2015, the controlling shareholder of Chengtian and its institutional shareholders, including the Fund, renegotiated the payment schedule, with the intent to ease the current funding difficulties through listing of currently profitable assets as new entity on the New Third Board. By the end of 2015, however, the controlling shareholder of Chengtian remained unable to make the agreed payment, and the Fund has a formal legal demand for payment.

Nanjing Sanhome Pharmaceutical Co., Ltd. ("Sanhome Pharmaceutical") was incorporated in Nanjing, Jiangsu in 1996 and is principally engaged in the research and development, production, and sale of pharmaceutical products. The company's main products include Xiaoaiping Injection, Levornidazole and Sodium Chloride Injections, and Ornidazole and Sodium Chloride Injections. Sanhome Pharmaceutical is a national grade high new technology enterprise. The Fund invested RMB105 million (equivalent to US$17.17 million) in December 2013 for a 3.50% equity interest in Sanhome Pharmaceutical. In July 2015, the Fund received a cash dividend of RMB2.24 million from Sanhome Pharmaceutical.

As of the end of 2015, the carrying value of the Fund's interest in Sanhome Pharmaceutical was US$38.56 million, representing an increase of 90.70% over US$20.22 million at the end of last year.

In 2015, as a result of the efforts made by its sales team, the sales volume of Sanhome Pharmaceutical's primary products – Xiaoaiping Injection, Levornidazole and Sodium Chloride Injections – increased by varying degrees, and its unaudited net profit grew by approximately 29% compared to the same period last year.

Sanhome Pharmaceutical submitted its IPO application materials to the CSRC in June 2015.

Guangxi Xinhua Preschool Education Investment Corporation Limited ("Xinhua Preschool Education") was established in Nanning, Guangxi in 2014, with registered capital of RMB300 million. Xinhua Preschool Education is based in Guangxi and is dedicated to investing in the preschool education sector, as well as supplying cultural and educational products. Xinhua Preschool Education was jointly established by the Fund and Guangxi Xinhua Bookstore Group Share Corporation Limited ("**Guangxi Xinhua Bookstore**"), and the relative stakes of Guangxi Xinhua Bookstore and the Fund were 70% and 30%, respectively. In December 2014, the Fund completed the first capital contribution of RMB30 million (equivalent to US$4.90 million), with the remaining RMB60 million of capital to be injected according to the development progress of Xinhua Preschool Education.

As of the end of 2015, the carrying value of the Fund's interest in Xinhua Preschool Education was US$7.79 million, representing an increase of 58.98% over US$4.90 million at the end of last year.

On 8 January 2015, Xinhua Preschool Education officially completed its business registration. All businesses have been starting up systematically, and the construction of five kindergartens and the enrollment of two kindergartens were completed before the end of September 2015. Xinhua Preschool Education will continue to complete the preliminary work of establishing new kindergartens with their commencement of construction. Xinhua Preschool Education recorded an unaudited net loss of RMB4.32 million for 2015.

As a result of a change in management of Guangxi Xinhua Bookstore, the controlling shareholder of Xinhua Preschool Education, and in view of the firm's anticipated operational needs, Xinhua Preschool Education has completed the appointment of new chairman of the board and general manager – an action that had already been considered and approved by its board.

China Reinsurance (Group) Corporation ("China Re") originated from The People's Insurance Company of China, founded in 1949 as the first insurance company to be established in New China, with its headquarters in Beijing. It was listed on the Hong Kong Stock Exchange on 26 October 2015. As currently the only local reinsurance group in China, the businesses of China Re cover reinsurance, insurance, asset management, insurance brokerage, and insurance media. During November and December 2015, the Fund acquired 42.38 million H shares of China Re at an average price of HK$2.35 per share on the Hong Kong secondary stock market, for an aggregate invested amount of HK$99.73 million (equivalent to US$12.87 million), accounting for 0.10% of the total issued shares of China Re.

As of the end of 2015, the carrying value of the Fund's interest in China Re was US$12.90 million.

The H shares of China Re were successfully listed for trading on the Hong Kong Stock Exchange on 26 October 2015, with an issuance price of HK$2.70 per share. It recorded an over-subscription of 92.97 times and finally raised HK$16.4 billion.

On 30 March 2016, China Re announced that its audited net profit for 2015 was RMB7.58 billion, up 40.24% year-over-year.

PROSPECTS

In 2016, it is expected that the global economy will sustain a mild recovery, with critical challenges of conflicting issues superimposing and risks increasing. As a result of anticipated interest rate hikes in the United States and declining demand in China, the emerging economies will face pressure in terms of slower economic growth, stagflation and capital outflows. While China is in an important transformational period for structural adjustments and promoting reforms, economic growth should slow. However, the fundamentals for the stable growth in China's economy remain intact. The market anticipates that its adjustments in terms of economic growth will still be mild. In 2016, Chinese economic growth may be lower than 2015. China is now in a stage of "Three-period Superimposition", with gradually increasing structural problems accumulated over time, with increasingly tight resources constraints, rising labour costs, and with problems of balance, coordination and sustainability remaining acute. It is highly probable that Chinese economic growth will continue to slow. In 2016, investment will play a key role in maintaining stable growth in China's economy, but its pulling effect on economic growth is weakening. Meanwhile, China's economy will benefit from an acceleration in the pace of investment in infrastructure in 2015, as the Central Government has already approved a series of new investment projects, covering the renovation of shanty towns, railways, rail transits, highways, and water conservation, as well as the construction projects under the "One Belt and One Road" Initiatives. Their effects will become prominent during and after 2016. The mild recovery in the international economic environment and higher expectations of RMB deprecation will stimulate China's exports to a certain extent. Driven by the rigid consumption demand, the higher growth in household income compared with the GDP growth, and the government's efforts to expand people's consumption and promote the upgrading of consumption structure, consumption should continue to see stable growth. Specifically, new style of urban development promises the most potential in expanding domestic demand and will become the biggest structural adjustment. In addition, in order to achieve "double medium to high growth", the Central Government has proposed the implementation of innovation-driven development strategies to strongly encourage entrepreneurship and innovation, and to build new engines for growth. It will also accelerate the modernisation of agriculture, facilitate the development of advanced manufacturing industries, foster the development of productive, high-end and emerging service industries, and promote the transformation and upgrading of traditional industries and the development of new industries, business types and development models. Within this environment, the Fund will take the initiative to grapple with these uncertainties and to seek out the best opportunities for investment.

BUSINESS STRATEGY

The Fund is an investment company listed on the Hong Kong Stock Exchange. Its main business is to invest directly in high quality unlisted enterprises in China. Our strategies are: to primarily invest in high quality and mature investment projects while also seizing good opportunities in emerging industries; to closely monitor changes in global financial conditions and in China's economic policies for diverse investments; to continue viewing industry developments from a broad perspective and to avoid the risk of investing in overheated sectors; to focus on relatively regulated industries and relatively large projects, and to pay more attention to key projects with government supports and with the backing of state-owned enterprises or listed companies; to constantly optimise the investment portfolio and to manage the level of risk; to avoid blindly engaging in price competition when bidding on investment projects; and to fulfill our goal of long-term capital preservation and appreciation. Currently, our investment focus is on quality enterprises in the industries of financial services, culture and media, health care, consumer goods (with particular focus on consumer-oriented projects in second and third tier cities), advanced manufacturing, non-traditional financial services, new energy, education, "Internet plus" and China's strategic industries under the "One Belt and One Road" Initiatives, among others. We give priority to investments which are important to the transformation, development or reform of traditional financial and cultural industries as they adapt to the new economy, and we continue to explore means for proper participation in the share placement, as guided by our direct investment concepts.

KEY RISK FACTORS

The Fund faces various risks and uncertainties in its operations. Taking into account the operations of the Fund, the key risks and uncertainties considered to be faced by the Fund are listed below. Please note that in addition to those listed below, the Fund may also be exposed to other risks and uncertainties.

Economic Risk

The Fund invests in enterprises with businesses or incomes derived from China. The businesses, financial conditions, operational results and prospects of Chinese enterprises are largely subject to the macroeconomic development of China. As China is still an emerging economy, its economy is different from developed economies in many respects, including but not limited to the government regulations, the models of economic growth, foreign exchange controls and the allocation of resources.

Market Competition Risk

The main business of the Fund is equity investments. With a booming private equity investment market in China, more and more investment companies or funds in the industry are entering the market, which results in keener competition among investment institutions for potential investment targets. The Fund is also facing increasingly intense competition in the industry and the market challenges of rising prices of investment targets.

Operation Risk

In evaluating and screening investment projects, the Fund must select relevant investment tools, consider the investment size, and adapt its investment strategies in different stages of an enterprise. This involves many complicated processes and factors. Although the Fund strives to consider and manage risk with skill and experience, the potential risks and uncertainties in investment analysis cannot be fully mitigated.

The enterprises in which the Fund has invested face various risks in their businesses and operations, including changes in the market environment of the industry, economic recession, incorrect operational decisions (such as over expansion or premature diversification), improper internal controls, unstable management teams, and the failure of management to meet expectations. The risks from the businesses and operations of the enterprises in which the Fund has invested will have an effect on the investment time cost and investment returns of the Fund.

In addition, according to the relevant listing rules of the Hong Kong Stock Exchange, the Fund cannot, either on its own or in conjunction with any connected parties, take legal or effective management control of enterprises in which the Fund has invested, and furthermore cannot own or control more than 30% of the voting rights in any one enterprise. As a result, the Fund may act only as a strategic investor in an enterprise, and cannot actively participate in the management or operations of the enterprise. Although the Fund strives to safeguard its rights according to applicable laws and regulations, it may incur investment losses if the controlling shareholder or management of an enterprise intentionally deceives or conceals significant matters related to the operations of the enterprise.

Stock Market Risk

The Fund currently holds a large quantity of stocks of listed companies and the Fund may also allocate a portion of its assets to the secondary stock market. The stock market is subject to political, economic, social and other macro factors, which will result in the fluctuation of stock prices. As the stocks of listed companies held by the Fund are marked to market, such fluctuations will affect the value of the listed stocks held by the Fund and will cause fluctuation in the net asset value of the Fund.

Legal Uncertainty

The enterprises and assets in which the Fund has invested are mainly located in China and are subject to the laws and regulations of China. China's legal system is based on written statutes. Prior court decisions may be cited as reference but have limited precedential value. In addition, since the late 1970s, with a view towards developing a comprehensive system of commercial law to deal with economic matters, the Central Government has promulgated relevant laws and regulations on the issuance and trading of securities, shareholders' rights, foreign investment, corporate organisation and governance, commerce, taxation, and trade, among other topics. However, as these laws and regulations are relatively new and the external environment continues to evolve, the effect of these laws and regulations on the rights and obligations of relevant institutions, enterprises and individuals may involve uncertainty. As a result, the legal protections for assets in China available to investors under Chinese commercial laws and regulations may be limited.

Policy and Regulatory Risk

The enterprises in which the Fund has invested involve different industries and their value is subject to the development of or changes in government policies, taxation, laws and regulations. The relevant policies, laws and regulations, or relevant interpretations of these statues, may change in the future, which may affect the value of the enterprises in which the Fund has invested.

Exchange Rate Fluctuation Risk

Most of the Fund's investments are located in China where the official currency is the RMB. The conversion rates of RMB against US dollar and other currencies may fluctuate as they are subject to domestic and international political and economic conditions, as well as to the fiscal and monetary policies of governments, among other factors. The businesses, financial conditions, operational results and prospects of the enterprises in which the Fund has invested may be affected by fluctuations in the RMB, which will in turn affect the value of the enterprises in which the Fund has invested. In addition, the Fund is also subject to fluctuations in the RMB exchange rate on currency swaps and conversions, which will eventually affect the net asset value of the Fund reported in US dollars.

Foreign Exchange Control Risk

The RMB is not a freely convertible currency currently. The remittance of profits, dividends, investment principal and returns by overseas investors to jurisdictions outside of China is subject to relevant regulations of China. Generally speaking, overseas investors can remit their profits, dividends, investment principal and returns to jurisdictions outside of China, but they must first obtain approval from the relevant national foreign exchange authorities. The Fund, as an overseas investor, cannot make assurances as to when it can obtain such approval if an application is made, which may limit the ability of the Fund to pay dividends or make other distributions.

SUB-PARTICIPATION SCHEME (THE "SCHEME")

In order to strengthen the investment management process, and to align the interests of management and staff with the interests of the Fund in entering new investment projects, the Investment Manager, with the consent of the Fund, has administered the Scheme since 2009.

Under the Scheme, the Fund has entered into sub-participation agreements (the "**Agreements**") with certain Executive Directors of the Fund, certain Directors and employees of the Investment Manager, and persons nominated by shareholders of the Investment Manager (collectively the "**Participants**"), with respect to new investments made by the Fund beginning in 2009. Pursuant to the Agreements, the Participants will receive a portion of the return (in the form of dividends, interest, or other distributions or proceeds from realisation) from the Fund's investment in the project company that is proportional to the amount provided by the Participants to the Fund as a percentage of the total Fund's investment in the project company. If the Fund suffers a loss from its investment in the project company, the Participants will correspondingly share a loss in the amount they provided to the Fund on a pro rata basis. The Agreements will terminate upon either the realisation of the investment in the project company by the Fund, or upon the Investment Manager, who provides a guarantee to the Participants for the performance of the Fund's obligations under the Agreements, ceasing to be investment manager of the Fund. In the former case, the Participants shall receive a pro rata portion of the proceeds from disposal of the Fund's interest in the project company. In the latter case, the Participants will receive a pro rata portion of the value of the equity interest in the project company held by the Fund as of 90 days prior to the termination date of the Agreements. The value of the equity interest in the project company will be assessed by an independent valuer appointed jointly by the Fund and the Investment Manager. In addition, the costs and expenses incurred for the preparation and execution of the Agreements, the costs incidental to the implementation of the Scheme, and the relevant portion of the identifiable costs related to the Fund's investment in the project company that corresponds to the amount provided by the Participants to the Fund under the Agreements will be borne by the Investment Manager.

Under the Scheme, it was originally determined that the aggregate amount provided by the Participants in each of the Fund's new investment projects should not exceed 2% of the Fund's investment in each project (the "**Ceiling of Relative Proportion**"). In order to further strengthen the investment management process, with the consent of the Fund and starting from 26 August 2011, the Ceiling of Relative Proportion for each of the Fund's new investment projects is revised as follows: 1) for projects with an investment amount of RMB30 million or less, the Ceiling of Relative Proportion will be 5%; 2) for projects with an investment amount of more than RMB30 million and up to RMB100 million, the Ceiling of Relative Proportion will be RMB1.50 million or 2%, whichever is higher; and 3) for projects with an investment amount of more than RMB100 million, the Ceiling of Relative Proportion will be 2%.

As of 31 December 2015, details of aggregate amounts provided by the Participants and their relative proportion to the investment amounts paid by the Fund were as follows:

Name of projects	**Original investment amount of the Fund** *US$**	**Original amounts paid by the Participants** *US$**	**Relative proportion**
Unibank Media (1st round capital injection)	6,585,600	129,000	1.959%
Wuhan Rixin	2,195,500	43,900	2.000%
Unibank Media (2nd round capital injection)	4,394,100	87,500	1.991%
China Media Management	676,100	4,500	0.666%
Geesun Zhiyun	2,929,500	58,000	1.980%
China Media Investment (1st installment capital contribution)	5,858,300	38,800	0.662%
Jiangsu Huaer	2,226,200	43,800	1.966%
Jinpower Electrical	3,033,500	60,300	1.988%
China Media Investment (2nd installment capital contribution)	953,500	6,100	0.638%
Liaoning Zhenlong	2,974,500	59,000	1.986%
NTong	10,409,700	130,300	1.252%
Teralane Semiconductor	789,500	34,200	4.335%
Hwagain	19,004,900	161,100	0.847%
China Media Investment (3rd installment capital contribution)	1,075,300	6,200	0.575%
China Media Investment (4th installment capital contribution)	4,566,600	26,300	0.577%
Chengtian	4,733,300	74,100	1.566%
China Media Investment (5th installment capital contribution)	484,900	2,800	0.580%
Esurfing	16,068,600	125,100	0.778%
China Media Investment (6th installment capital contribution)	5,555,100	32,200	0.579%
China Media Investment (7th installment capital contribution)	3,352,500	18,900	0.562%
Sanhome Pharmaceutical	17,171,500	94,100	0.548%
China Media Investment (8th installment capital contribution)	2,055,100	11,500	0.559%
China Media Investment – IMAX China	2,021,800	40,000	1.977%
China Media Investment (9th installment capital contribution)	859,600	4,830	0.562%
Xinhua Preschool Education (1st installment capital contribution)	4,898,200	28,400	0.580%
Oriental Pearl	19,619,100	255,510	1.302%
JIC Leasing	38,781,800	65,810	0.170%
China Re	12,867,800	27,450	0.213%

* *Calculated with prevalent exchange rates at the time of the amounts paid*

In addition, as of 31 December 2015, details of the amounts paid by Directors of the Fund as well as Directors of the Investment Manager for the Scheme were as follows:

Name of projects	Mr. HONG Xiaoyuan (Note 1) US$	Mr. LI Yinquan (Note 2) US$	Mr. WANG Xiaoding (Note 3) US$	Mr. TSE Yue Kit (Note 4) US$	Mr. LAW Hung Kuen, Janson (Note 5) US$	Mr. TSIM Tak Chee (Note 6) US$
Unibank Media (1st round capital injection)	12,900	N/A	20,640	1,290	N/A	N/A
Wuhan Rixin	3,510	N/A	3,510	1,290	N/A	N/A
Unibank Media (2nd round capital injection)	6,950	N/A	6,950	1,290	N/A	N/A
China Media Management	300	N/A	1,160	30	N/A	N/A
Geesun Zhiyun	4,640	N/A	5,780	1,290	N/A	N/A
China Media Investment (1st installment capital contribution)	2,500	N/A	10,040	250	N/A	N/A
Jiangsu Huaer	3,500	N/A	4,380	1,290	N/A	N/A
Jinpower Electrical	4,830	N/A	6,030	1,280	N/A	N/A
China Media Investment (2nd installment capital contribution)	390	N/A	1,570	40	N/A	N/A
Liaoning Zhenlong	4,720	N/A	4,620	1,280	N/A	N/A
NTong	16,420	N/A	12,830	1,280	N/A	N/A
Teralane Semiconductor	3,090	N/A	2,570	1,290	N/A	N/A
Hwagain	12,880	N/A	12,880	1,290	N/A	N/A
China Media Investment (3rd installment capital contribution)	430	N/A	1,710	40	N/A	N/A
China Media Investment (4th installment capital contribution)	1,820	N/A	7,260	180	N/A	N/A
Chengtian	12,890	N/A	6,440	1,290	N/A	N/A
China Media Investment (5th installment capital contribution)	190	N/A	780	20	N/A	N/A
Esurfing	12,890	N/A	12,890	1,290	N/A	N/A
China Media Investment (6th installment capital contribution)	2,220	N/A	8,880	220	N/A	N/A
China Media Investment (7th installment capital contribution)	1,300	N/A	5,200	130	N/A	N/A
Sanhome Pharmaceutical	12,900	N/A	6,450	1,290	N/A	12,900
China Media Investment (8th installment capital contribution)	790	N/A	3,170	80	N/A	N/A
China Media Investment – IMAX China	6,450	N/A	6,450	1,290	N/A	6,450
China Media Investment (9th installment capital contribution)	330	N/A	1,330	30	N/A	N/A
Xinhua Preschool Education (1st installment capital contribution)	2,150	N/A	4,310	440	N/A	4,310
Oriental Pearl	13,930	N/A	38,870	1,390	N/A	N/A
JIC Leasing	N/A	3,870	12,900	1,290	N/A	N/A
China Re	N/A	2,570	8,580	860	860	N/A

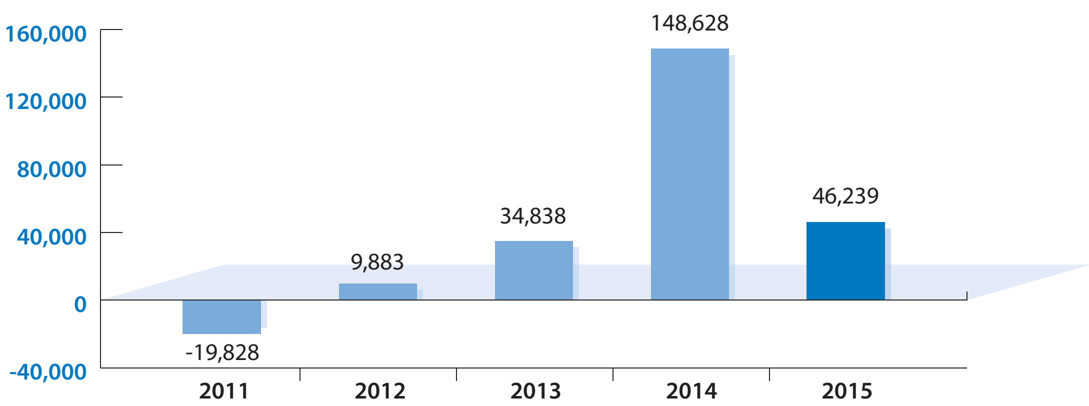
Note 1: Chairman of the Fund (appointed as present post on 18 November 2014)
Note 2: Director of the Fund and Chairman of the Investment Manager
Note 3: Director of the Fund and Managing Director of the Investment Manager
Note 4: Director of the Fund and Director of the Investment Manager
Note 5: Director of the Investment Manager (appointed on 25 June 2015)
Note 6: Director of the Investment Manager (resigned on 25 June 2015)

Mr. WANG Xiaoding
Managing Director
China Merchants China Investment Management Limited

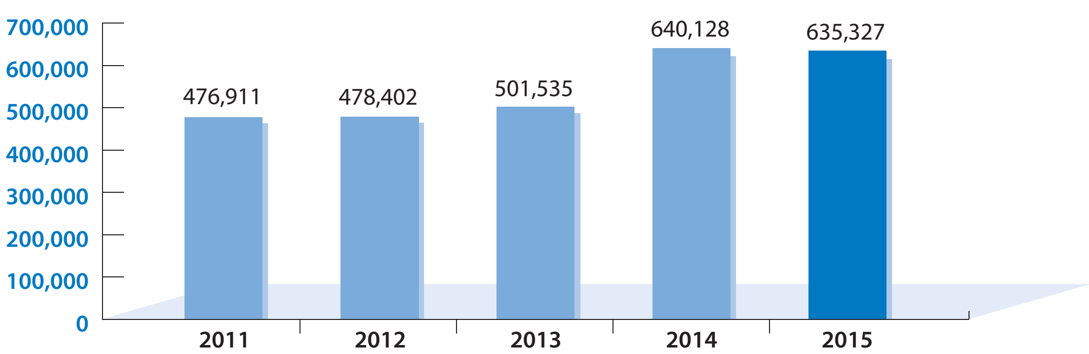
Hong Kong, 31 March 2016

YEAR	NET PROFIT (LOSS) *(US$'000)*	NET ASSETS *(US$'000)*
2015	**46,239**	**635,327**
2014	148,628	640,128
2013	34,838	501,535
2012	9,883	478,402
2011	(19,828)	476,911

NET PROFIT (LOSS) (US$'000)



NET ASSETS (US$'000)



The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of the subsidiaries are set out in note 29 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's prospects are provided in the Chairman's Statement and the Investment Manager's Discussion and Analysis on pages 4 to 5 and pages 7 to 26 of the Annual Report, respectively. Description of key risk factors and uncertainties that the Group is facing is provided in the Investment Manager's Discussion and Analysis on pages 27 to 29 of the Annual Report and in note 30 to the consolidated financial statements while the financial risk management objectives and policies of the Group can be found in note 5 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Summary on page 112 of the Annual Report. In addition, discussions on the Group's compliance with relevant laws and regulations which have a significant impact on the Group, relationships with its key stakeholders and environmental policy are contained in the Corporate Governance Report on pages 49 to 62 of the Annual Report.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 65.

The Directors recommend the payment of a final dividend of US$0.06 per share (2014: US$0.06) and a special dividend of US$0.09 per share (2014: US$0.03), totaling US$0.15 per share (2014: US$0.09) for 2015 to the shareholders on the register of members on 25 May 2016 amounting to US$22,849,952 (2014: US$13,709,971).

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company has an amount of US$42,727,036 (31 December 2014: US$70,851,668) available for distribution as at 31 December 2015.

ISSUED SHARES

Details of movements during the year in the issued shares of the Company are set out in note 24 to the consolidated financial statements.

EMOLUMENT POLICY

The emoluments of the Directors of the Company are fixed by the Board of Directors with the authorisation by the shareholders meeting.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

DIRECTORS

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

Executive Directors

Mr. HONG Xiaoyuan *(Chairman)*
Mr. LI Yinquan
Mr. CHU Lap Lik, Victor
Mr. WANG Xiaoding
Mr. TSE Yue Kit
Ms. KAN Ka Yee, Elizabeth
(alternate to Mr. CHU Lap Lik, Victor)

Non-executive Director

Mr. KE Shifeng

Independent Non-executive Directors

Mr. LIU Baojie
Mr. ZHU Li
Mr. TSANG Wah Kwong
Dr. LI Fang

In accordance with Article 105 of the Articles of Association of the Company, Mr. HONG Xiaoyuan, Mr. CHU Lap Lik, Victor, Mr. KE Shifeng and Mr. LIU Baojie retire and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and considers that each of the Independent Non-executive Directors is independent to the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors:

Mr. HONG Xiaoyuan, aged 53, has been an Executive Director of the Company since June 2007, and has become the Chairman of the Company since November 2014. He is currently an Assistant General Manager of China Merchants Group Limited and the Chairman of China Merchants Finance Holdings Company Limited, both of the companies are substantial shareholders of the Company. He is also a Vice Chairman of China Merchants Capital Investment Co., Ltd., a Director of China Merchants Bank Co., Ltd. (its shares are listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange), and the Chairman of China Merchants Finance Investment Holdings Co., Ltd., China Merchants Holdings (UK) Limited and Shenzhen CMB Qianhai Financial Asset Exchange Co., Ltd. He was a Director of China Merchants Securities Co., Ltd. (its shares are listed on the Shanghai Stock Exchange) from July 2007 to February 2016. Mr. HONG obtained his master degree in Economics from Peking University and master of science degree from The Australian National University.

Mr. LI Yinquan, aged 61, has been an Executive Director of the Company since July 2008. He was the Chairman of the Company prior to a job re-designation in November 2014. He is the Chairman of the Investment Manager. He is also the Vice Chairman and Chief Executive Officer of China Merchants Capital Investment Co., Ltd., a Director of China Merchants Bank Co., Ltd. (its shares are listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange), and an Independent Non-executive Director of Universal Medical Financial & Technical Advisory Services Company Limited (its shares are listed on the Hong Kong Stock Exchange). He was a Director of China Merchants Holdings (International) Company Limited (its shares are listed on the Hong Kong Stock Exchange) from June 2001 to March 2015. Mr. LI is a Hong Kong Deputy to the 12th National People's Congress of the PRC. Mr. LI joined China Merchants Group Limited in January 2000 and has served respectively as the General Manager of Finance Department, Deputy Chief Financial Officer, Chief Financial Officer, Vice President and Chief Financial Officer and Executive Vice President. Mr. LI previously worked with the Agricultural Bank of China for 14 years, where he held senior posts in various divisions and was the Deputy General Manager of Hong Kong Branch just before leaving for China Merchants Group Limited. Mr. LI obtained his master degree in Economics from the Graduate School of the People's Bank of China and master degree in Banking & Finance from the Finafrica Institute in Milan, Italy. He is also a qualified senior economist in China. Mr. LI was once honoured as "China CFO of the Year for 2005" and "China Best CIO for the Year 2006".

Mr. CHU Lap Lik, Victor, aged 58, has been an Executive Director of the Company since June 1993 and holds directorship in the Investment Manager and a subsidiary of the Company. He is also Chairman of First Eastern Investment Group which is a pioneer of private equity investments in the PRC. Mr. CHU is currently Chairman of the Hong Kong-Europe Business Council. He has formerly served on the Central Policy Unit of the Hong Kong Government, the Council of the Hong Kong Stock Exchange, the Takeovers and Mergers Panel and the Advisory Committee of the Securities and Futures Commission. Outside of Hong Kong, Mr. CHU was a Foundation Board Member of the World Economic Forum in Geneva from 2003 to 2015 and currently co-chairs the Forum's International Business Council. He is a Director of Camper & Nicholsons Marina Investments Limited, a company listed on the AIM, London. Mr. CHU took his law degree at University College London where he is now an Honorary Fellow.

Mr. WANG Xiaoding, aged 47, has been an Executive Director of the Company since September 2014. He has also been the Managing Director of the Investment Manager since May 2014. He serves as the Chief Representative of the Investment Manager's Shenzhen Representative Office since March 2009. At the same time, he served as the Chief Investment Officer of the Investment Manager from June 2011 to May 2014. Before joining the Investment Manager, Mr. WANG served as Chief Executive Officer of Guangxi Baihe Chemicals Corp., Chief Financial Officer of Guangxi Fenglin Group Co., Ltd., Senior Software Engineer of Thrive Media Corporation in Canada, Finance Manager of Wellkent International Corporation in Canada. Currently, Mr. WANG serves as a Director of Wuhan Rixin Technology Co., Ltd., China Media (Tianjin) Investment Management Co., Ltd., Jiangsu Huaer Quartz Materials Co., Ltd., Hwagain Group Co., Ltd. and China Credit Trust Co., Ltd., and a Supervisor of JIC Leasing Co., Ltd. Mr. WANG is licensed with the Securities and Futures Commission in Hong Kong as responsible officer. Mr. WANG studied in Peking University, People's (Renmin) University of China and University of Alberta in Canada, where he obtained his bachelor degree in Geo-economics, master degree in Regional Economics and master degree in Economics, respectively.

Mr. TSE Yue Kit, aged 54, has been an Executive Director of the Company since November 2000 and holds directorship in the Investment Manager and a subsidiary of the Company. Mr. TSE is the General Manager in the Funds Division of China Merchants Finance Holdings Company Limited, which is a substantial shareholder of the Company. Mr. TSE has a number of years extensive experiences in accounting, auditing, corporate finance as well as investment. Mr. TSE is licensed with the Securities and Futures Commission in Hong Kong as responsible officer. Mr. TSE obtained his bachelor degree with honours in Accountancy from the University of Exeter, UK.

Ms. KAN Ka Yee, Elizabeth (alternate to Mr. CHU Lap Lik, Victor), aged 58, has been an Alternate Director of the Company since May 1999. She is Managing Director of First Eastern Investment Group with which she is a founding member since its establishment in 1988. She serves on boards of various companies which include Evolution Securities China Limited, Camper & Nicholsons Marina Investments Limited and Sustainable Development Capital (Asia) Limited. Ms. KAN was Deputy Managing Director and a Director of the Investment Manager from 1993 to 2006. Ms. KAN is licensed with the Securities and Futures Commission in Hong Kong. She is a Certified Public Accountant (U.S.A.) and a Fellow of the Hong Kong Institute of Certified Public Accountants. Ms. KAN is also a Member of the Hong Kong Securities Institute and a Fellow Member of the Hong Kong Institute of Directors. She began her professional career with the Hong Kong office of Arthur Andersen & Co. in the area of audit and business advisory services. Ms. KAN obtained her Bachelor of Science degree in Business Administration and Accounting and Bachelor of Arts degree in Economics from the University of Minnesota, Minneapolis, USA.

Mr. KE Shifeng, aged 50, has been a Non-executive Director of the Company since December 2009. He has 20 years investment experience. Mr. KE was employed by Martin Currie Investment Management Limited ("**Martin Currie**") between 1997 and 2006 to provide research and investment management services to certain of its clients investing in the Greater China and Taiwan markets. He also served as a Director of Martin Currie from February 2004 to June 2006. In 2006, Mr. KE and his partner left Martin Currie to form Heartland Capital Management Ltd. ("**Heartland**"); Heartland and Martin Currie established MC China Ltd. – a joint venture dedicated to running a range of specialist China strategies, including the China Fund Inc. (a NYSE listed company), Martin Currie China Hedge Fund and Martin Currie China A Share Fund. In November 2011, Mr. KE and his partner took over this joint venture and co-founded Open Door Capital Management. Mr. KE practiced law before moving to China's Ministry of Labour and Social Security where he had served from 1990 to 1996. Mr. KE holds an MBA degree from The University of Edinburgh, UK.

Mr. LIU Baojie, aged 52, has been an Independent Non-executive Director of the Company since December 2009. He has about 20 years of experience in the financial services industry. He is currently Chief Executive Officer of Huaneng Invesco WLR (Beijing) Investment Fund Management Company Ltd., and prior to this, he had worked for two other investment management companies focusing on China investment. Before that he held various positions with financial institutions, including Bank of America, ICEA Capital Limited and J.P. Morgan. Mr. LIU holds an MBA degree from University of Utah, USA.

Mr. ZHU Li, aged 67, has been an Independent Non-executive Director of the Company since October 2011. He is now the founding partner of Beijing Hong Lu Hao Lin Investment Management Centre (Limited Partnership). Previously, Mr. ZHU worked in the State Commission for Restructuring Economic System of China from 1982 to 1992. He served as the Head of the Finance Department and the Deputy Director of the Macro System Division. During that period, he had been to Germany to study finance and learned and worked in various commercial banks. In October 1992, Mr. ZHU became the first Secretary General of the China Securities Regulatory Commission ("**CSRC**") once after it was established, and served as the Deputy Chairman and Secretary General of the CSRC from August 1994. Since 1996, he had worked in various financial institutions in China, including serving as the Vice President of the Agricultural Development Bank of China, the President of China Galaxy Securities Company Limited and the Chairman of China Galaxy Financial Holdings Limited, etc. Mr. ZHU not only possesses years of experience in the financial services industry, but also has years of experience in the decision-making departments for state's economy and finance in China. In particular, he had contributed to the establishment, regulation and development of China's securities market during his term in the CSRC. Mr. ZHU received his bachelor degree from Beijing School of Economics.

Mr. TSANG Wah Kwong, aged 63, has been an Independent Non-executive Director of the Company since September 2012. He is a former partner of Hong Kong and China firm of PricewaterhouseCoopers. He has over 30 years of experience in auditing and providing support for initial public offerings and acquisition transactions. Currently, Mr. TSANG is an Independent Non-executive Director of a number of companies, including Agria Corporation (listed on the New York Stock Exchange), Sihuan Pharmaceutical Holdings Group Ltd. (Stock Code: 460.HK), TK Group (Holdings) Limited (Stock Code: 2283.HK), China Animation Characters Company Limited (Stock Code: 1566.HK) and Ping An Securities Group (Holdings) Limited (formerly known as Madex Internatinal (Holdings) Limited (Stock Code: 231.HK), and a Director of PGG Wrightson Limited (listed on the New Zealand Stock Exchange). Mr. TSANG was an Independent Non-executive Director of PanAsialam Holdings Company Limited (Stock Code: 2078.HK) from January 2013 to January 2016. Mr. TSANG is a Fellow Member of the Hong Kong Institute of Certified Public Accountants, a Member of the Chinese Institute of Certified Public Accountants, and a Fellow Member of The Association of Chartered Certified Accountants. Mr. TSANG received a bachelor degree of Business Administration from the Chinese University of Hong Kong.

Dr. LI Fang, aged 58, has been an Independent Non-executive Director of the Company since October 2014. She is currently the Managing Director of Yuanta Securities (Hong Kong) Company Limited and the Vice Chairman of CR Yuanta Fund Management Co., Ltd. Dr. LI has 20 years of professional experience in securities, asset management, insurance and banking. Dr. LI was a Senior Research Assistant in Financial Research Bureau at the headquarters of the People's Bank of China, a Research Fellow at the Asia-Pacific Operations of Aetna International Inc., the Head of Research Centre for Asian/Pacific Regional Pensions of ING Group, a Senior Business Advisor of Global Retirement Services of ING Group and the Chief Strategist at Corporate Finance of Yuanta Securities (Hong Kong) Company Limited. Dr. LI holds a doctorate degree in Economics from Monash University in Australia, a master degree in Banking and Finance from the Graduate School of the People's Bank of China (now known as PBC School of Finance, Tsinghua University) and a master degree in Public Administration from the International Christian University in Japan.

DIRECTORS OF SUBSIDIARIES

The name of persons who have served on the board of the subsidiaries of the Company during the year and up to the date of this report are set out in note 29 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2015, the interests of the Directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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:

Name of Director	Number of ordinary shares interested	Capacity	Percentage of total issued shares
Mr. CHU Lap Lik, Victor	3,030,024	Interest of controlled corporation	1.99%

Save as disclosed above, none of the Directors or chief executives, or their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO as at 31 December 2015, and none of the Directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the year ended 31 December 2015.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company at any time during the year or subsisted at the end of the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, its parent company, its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Details of the sub-participation scheme are set out on pages 30 to 33 of the Annual Report. Save as disclosed, no transactions, arrangements or contracts of significance, to which the Company, its parent company, its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

Mr. HONG Xiaoyuan is a Vice Chairman of and Mr. LI Yinquan is the Vice Chairman and Chief Executive Officer of China Merchants Capital Investment Co., Ltd. which is actively involved in direct investments and which may compete, either directly or indirectly, with business of the Group. Mr. CHU Lap Lik, Victor and Ms. KAN Ka Yee, Elizabeth (being alternate to Mr. CHU Lap Lik, Victor) are Directors of various companies within First Eastern Investment Group which is actively involved in direct investments in the PRC and which may compete, either directly or indirectly, with business of the Group. However, the Company is capable of carrying on its business independently of, and at arm's length from, the businesses of China Merchants Capital Investment Co., Ltd. and First Eastern Investment Group. If conflict of interest arises on the part of Mr. HONG, Mr. LI, Mr. CHU, or Ms. KAN, as the case may be, they shall, pursuant to the Articles of Association of the Company, not vote or be counted in the quorum on the relevant resolution of the Board.

Save as disclosed, in so far as the Directors are aware, none of the Directors or any of their respective associates has an interest in a business that competes or may compete with the business of the Group.

DIRECTORS' SERVICE CONTRACTS

The Directors proposed for re-election at the forthcoming annual general meeting do not have service contracts which are not determinable by the Company within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that subject to the provisions of the Hong Kong Companies Ordinance and so far as may be permitted by the Hong Kong Companies Ordinance, every Director of the Company shall be entitled to be indemnified by the Company out of the assets of the Company against all losses or liabilities (except any liability in relation to a Director as mentioned in section 469(2) of the Hong Kong Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, the following persons, other than a Director or chief executives of the Company, had interests in the shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Name of shareholder	Long/ short position	Capacity	Number of ordinary shares interested	Percentage of total issued shares
China Merchants Group Limited (Note 3)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Steam Navigation Company Limited (Note 3)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Holdings (Hong Kong) Company Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Finance Holdings Company Limited (Note 2)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Financial Services Limited (Note 3)	Long position	Interest of controlled corporation	38,855,507	25.51%
Good Image Limited	Long position	Beneficial owner	38,855,507	25.51%
Lazard Asset Management LLC	Long position	Investment manager	28,947,290	19.00%

Note 1: China Merchants Holdings (Hong Kong) Company Limited is deemed to have corporate interests in the shares by virtue of its controlling shareholding (i.e. 99.32%) in the company whose name is set out immediately under it.

Note 2: China Merchants Finance Holdings Company Limited is deemed to have corporate interests in the shares by virtue of its entire shareholding in Everlink Limited and the company whose name is set out immediately under it.

Note 3: China Merchants Group Limited, China Merchants Steam Navigation Company Limited and China Merchants Financial Services Limited are deemed to have corporate interests in the shares by virtue of its entire shareholding in the company whose name is set out immediately under it.

Save as disclosed above, there was no person, other than a Director or chief executives of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, throughout the year of 2015, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions and certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

1. Investment Management Agreement

China Merchants China Investment Management Limited, a company incorporated in Hong Kong, is the Investment Manager of the Company for both listed and unlisted investments. Mr. LI Yinquan, Mr. CHU Lap Lik, Victor, Mr. WANG Xiaoding and Mr. TSE Yue Kit, are Directors of both the Company and the Investment Manager. Mr. CHU Lap Lik, Victor and Ms. KAN Ka Yee, Elizabeth have indirect beneficial interests in the Investment Manager. The Investment Manager is a subsidiary of a substantial shareholder of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The existing Investment Management Agreement entered into between the Company and the Investment Manager (the "**Existing Management Agreement**") on 18 October 2012 became effective on 1 January 2013 and was for a fixed term ended on 31 December 2015.

On 15 October 2015, the Company announced that it had on 15 October 2015 entered into an Investment Management Agreement (the "**Revised Management Agreement**") with the Investment Manager in relation to the proposed re-appointment of the Investment Manager as the investment manager of the Company immediately following the expiry date of the Existing Management Agreement. As the Investment Manager is a connected person of the Company and the transaction contemplated under the Revised Management Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules, the entering into of the Revised Management Agreement was subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules. A circular dated 6 November 2015 containing, among others, further details of the Revised Management Agreement, the recommendation of the independent board committee, the advice of the independent financial adviser to the independent board committee and the independent shareholders and a notice convening the extraordinary general meeting to approve the Revised Management Agreement and the proposed annual caps had been distributed to the shareholders of the Company. The independent shareholders of the Company approved the Revised Management Agreement and the proposed annual caps at the extraordinary general meeting held on 25 November 2015. The Revised Management Agreement became effective on 1 January 2016 and is for a fixed term ending on 31 December 2018.

For the year ended 31 December 2015, the management fees which were calculated based on a fixed percentage on the value of the Group's assets as stipulated in the Existing Management Agreement totaling US$11,728,823 (2014: US$10,195,170) were paid or payable to the Investment Manager. A performance fee of US$1,795,231 (2014: US$10,821,857) was accrued by the Company under the Existing Management Agreement. It was calculated based on a fixed percentage on the agreed increment of the Group's net asset value after certain adjustments as stipulated in the Existing Management Agreement.

CONTINUING CONNECTED TRANSACTIONS (continued)

2. Brokerage Agreements

On 24 October 2013, China Merchants Industry Development (Shenzhen) Limited ("**CMID**"), a directly wholly-owned subsidiary of the Company, entered into the brokerage agreement and supplemental brokerage agreement with China Merchants Securities Co., Ltd. ("**CMS**") in relation to the securities brokerage services provided by CMS to CMID for a term of three years. On 24 October 2013, Shenzhen Tian Zheng Investment Co., Ltd. ("**Tian Zheng**"), an indirectly wholly-owned subsidiary of the Company, also entered into the brokerage agreement and supplemental brokerage agreement with CMS in relation to the securities brokerage services provided by CMS to Tian Zheng for a term of three years. During the year, Star Group Limited, a directly wholly-owned subsidiary of the Company, activated a securities account with China Merchants Securities (HK) Company Limited, a subsidiary of CMS. CMS is a subsidiary of a substantial shareholder of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

For the year ended 31 December 2015, the securities brokerage commission fee totaling US$19,046 (2014: US$5,510) was paid to CMS.

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

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

2. on normal commercial terms or better; and

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

Pursuant to Rule 14A.56 of the Listing Rules, the Company engaged its external auditor 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 Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules.

Save as disclosed above, details of significant related party transactions are disclosed in note 28 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Mr. HONG Xiaoyuan
Chairman

Hong Kong, 31 March 2016

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance practices are important to protect shareholders' interests and to promote investor confidence. The Company complies with the relevant requirements under the Hong Kong Companies Ordinance, the Hong Kong Securities and Futures Ordinance, the Listing Rules and the US Foreign Account Tax Compliance Act. Further, the Company has complied with all the code provisions set out in Appendix 14 to the Listing Rules (Corporate Governance Code (the "**Code**")) throughout the year under review, except for the deviations as stated below:

According to the Investment Management Agreement, the portfolio and day-to-day administration of the Company are handled by the Investment Manager. Meanwhile, except the qualified accountant whose remuneration package is determined and borne by the Investment Manager, the Company has no salaried employees. The Stock Exchange of Hong Kong Limited has granted a waiver to the Company for establishment of remuneration committee on condition that the Executive Directors and senior management of the Company will not receive any Directors' fee or emolument from the Company. Thus, no remuneration committee has been established by the Company. In addition, it is suitable for the Company to hold regular Board meeting twice a year at a minimum.

The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

As at 31 December 2015, the Board consisted of five Executive Directors, one Non-executive Director and four Independent Non-executive Directors as defined by the Listing Rules. The biography of the Directors are set out on pages 37 to 42 of the Annual Report.

The Company has appointed an Investment Manager to manage its investment portfolio and day-to-day administration of the Company. According to the Investment Management Agreement entered into between the Company and the Investment Manager, the Investment Manager undertakes all investment and management duties arising pursuant to the operation of the Company and its responsibilities include identifying and evaluating investment opportunities, executing investment decisions, monitoring and enhancing investments of the Company, making decisions on investments and realisations for the Company, managing the corporate affairs of the Company and dealing with its day-to-day administration.

BOARD OF DIRECTORS (continued)

The Board is responsible for formulating the Company's overall investment strategy and guidelines that the Investment Manager shall follow to make the investments. The Board is also responsible for performing the following corporate governance duties as required under the Code:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development ("**CPD**") of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and Directors; and
- reviewing the Company's compliance with the Code and disclosure in the corporate governance report.

During the year under review, the Board had performed the above duties.

BOARD OF DIRECTORS (continued)

For the regular Board meetings, at least 14 days' notice is given for all Directors to attend. Directors are also consulted to include matters in the agenda for every Board meeting. The Board held three regular meetings during the year under review. The attendance of each of the Directors and Alternate Director is as follows:

	Attendance/number of regular meetings during the Director's term of office in 2015
Executive Directors:	
Mr. HONG Xiaoyuan *(Chairman)*	3/3
Mr. LI Yinquan	3/3
Mr. CHU Lap Lik, Victor	0/3
Mr. WANG Xiaoding	3/3
Mr. TSE Yue Kit	3/3
Non-executive Director:	
Mr. KE Shifeng	3/3
Independent Non-executive Directors:	
Mr. LIU Baojie	3/3
Mr. ZHU Li	3/3
Mr. TSANG Wah Kwong	3/3
Dr. LI Fang	2/3
Alternate Director:	
Ms. KAN Ka Yee, Elizabeth *(alternate to Mr. CHU Lap Lik, Victor)*	2/3

All Directors have access to the services of the Company Secretary or his assistant who regularly updates the Board on governance and regulatory matters so as to ensure that all applicable rules and regulations are followed. Any Directors, or any members of the Audit Committee, Nomination Committee or Investment Committee may take independent professional advice if they so wish at the expense of the Company, as arranged by the Company Secretary.

BOARD OF DIRECTORS (continued)

The Board has three committees during the year under review, namely, the Audit Committee, Nomination Committee and Investment Committee for assisting to monitor the management of the Company. The details of the Committees are as below:

Audit Committee

The Board has established an Audit Committee with specific written terms of reference which follows the guidelines set out by the Hong Kong Institute of Certified Public Accountants and the requirements of the Code. The terms of reference of the Audit Committee are available on the Company's website. All the Committee members, including the Chairman, are Independent Non-executive Directors. The duties of the Audit Committee include but not limited to the following:

- considering the appointment of the independent auditor, the audit fee, and any questions of resignation or dismissal of that auditor;
- reviewing the interim and annual results and reports;
- reviewing financial and internal controls and risk management system;
- considering major investigation findings on internal control matters; and
- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee is provided with sufficient resources enabling it to perform its duties.

The Audit Committee held two meetings during the year under review. The attendance of individual members of the Audit Committee is as follows:

	Attendance/ number of meetings
Independent Non-executive Directors:	
Mr. TSANG Wah Kwong *(Chairman of the Audit Committee)*	2/2
Mr. ZHU Li	2/2
Mr. LIU Baojie	2/2

BOARD OF DIRECTORS (continued)

Audit Committee (continued)

The scope of work done by the Audit Committee during the year under review includes the following:

- reviewed and recommended the Board to approve the audit fee proposal for the year 2015;
- reviewed the interim report and the interim results announcement for the six months ended 30 June 2015;
- reviewed the audit plan for the year 2015 to assess the general scope of audit work;
- reviewed the annual report (including audited consolidated financial statements) and the final results announcement for the year 2014; and
- considered the internal controls assessment report prepared by the Company's independent auditor.

Nomination Committee and Appointment of Directors

The Board has established a Nomination Committee with specific terms of reference in accordance with the Code and comprises a majority of Independent Non-executive Directors. The terms of reference of the Nomination Committee are available on the Company's website. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall consider the suitability of a candidate to become Board member and assess the independence of Independent Non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules. It is also provided with sufficient resources enabling it to perform its duties.

During the year under review, the Nomination Committee has resolved to recommend the renewal of appointment of Mr. HONG Xiaoyuan, Mr. LI Yinquan, Mr. CHU Lap Lik, Victor and Mr. TSE Yue Kit as Executive Director of the Company; the renewal of appointment of Mr. KE Shifeng as Non-executive Director of the Company; and the renewal of appointment of Mr. LIU Baojie and Mr. TSANG Wah Kwong as Independent Non-executive Director of the Company. It also held a meeting to review the structure, size and composition of the Board. The attendance of individual members of the Nomination Committee is as follows:

BOARD OF DIRECTORS (continued)

Nomination Committee and Appointment of Directors (continued)

	Attendance/ number of meetings
Executive Director:	
Mr. HONG Xiaoyuan *(Chairman of the Nomination Committee)*	2/2
Independent Non-executive Directors:	
Mr. ZHU Li	2/2
Mr. TSANG Wah Kwong	2/2

According to the Articles of Association of the Company, any Directors appointed by the Board shall hold office only until the next following annual general meeting ("**AGM**") or until the next following general meeting of the Company in the case of filling a casual vacancy, and shall then be eligible for re-election.

According to the Articles of Association of the Company, at each AGM, one-third of the Directors for the time being (or, if their number is not three nor a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Investment Committee

The Board has established an Investment Committee, of which currently has four members, to approve transactions (investments or realisations) of over US$20 million each (effective from 5 February 2010) and to supervise the day-to-day management functions of the Investment Manager. All the Committee members are Executive Directors.

During the year under review, the Investment Committee has considered and approved the proposals relating to disposal of certain A shares in CMB and IBC held by the Group, and the investment proposals relating to the project of JIC Leasing and China Re.

BOARD OF DIRECTORS (continued)

Investment Committee (continued)

The Investment Committee held one meeting during the year under review. The attendance of individual members of the Investment Committee is as follows:

	Attendance/ number of meetings
Executive Directors:	
Mr. HONG Xiaoyuan *(Chairman of the Investment Committee)*	1/1
Mr. LI Yinquan	1/1
Mr. CHU Lap Lik, Victor	1/1
Mr. WANG Xiaoding	1/1
Alternate Director:	
Ms. KAN Ka Yee, Elizabeth *(alternate to Mr. CHU Lap Lik, Victor)*	1/1

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "**Policy**") in August 2013. A summary of the Policy, together with the measurable objectives set for implementing the Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Policy

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

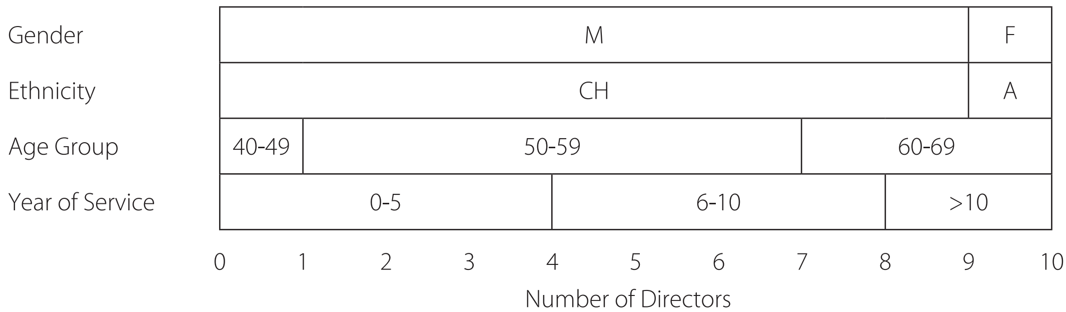
Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

BOARD DIVERSITY POLICY (continued)

Implementation

As at 31 December 2015, the Board's composition under major diversified perspectives was summarised as follows:



M – Male
F – Female
CH – Chinese
A – Australian

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. HONG Xiaoyuan is the Chairman of the Company. The functions of the Chief Executive Officer have been undertaken by the Investment Manager. The Managing Director of the Investment Manager is Mr. WANG Xiaoding, who is also a Director of the Company. The roles of the Chairman and Chief Executive Officer are segregated and are not exercised by the same individual.

NON-EXECUTIVE DIRECTORS

The term of office of each Non-executive Director (including Independent Non-executive Director) is for a period of three years.

TRAINING AND SUPPORT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or Alternate Director shall receive an induction package covering the Company's businesses and the statutory and regulatory obligations of a director of a listed company. The Company continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to the Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

Participation of the Directors and Alternate Director in the CPD during the year under review is as follows:

	Type of CPD
Executive Directors:	
Mr. HONG Xiaoyuan *(Chairman)*	a, c
Mr. LI Yinquan	a, c
Mr. CHU Lap Lik, Victor	a, c
Mr. WANG Xiaoding	a, c
Mr. TSE Yue Kit	a, c
Non-executive Director:	
Mr. KE Shifeng	a, b, c
Independent Non-executive Directors:	
Mr. LIU Baojie	a, c
Mr. ZHU Li	a, c
Mr. TSANG Wah Kwong	a, c
Dr. LI Fang	a, c
Alternate Director:	
Ms. KAN Ka Yee, Elizabeth *(alternate to Mr. CHU Lap Lik, Victor)*	a, c

Notes:

a: attending training courses, in-house briefings, seminars, conferences, or forums

b: giving talks at seminars, conferences, or forums

c: reading newspapers, journals and updates relating to the economy, general business, investment, or director's duties and responsibility, etc.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code throughout the year under review.

REMUNERATION OF DIRECTORS

The Company has no salaried employees, except the qualified accountant whose remuneration package is determined and borne by the Investment Manager. The Company has applied for and The Stock Exchange of Hong Kong Limited has granted a waiver to the Company for establishment of remuneration committee on condition that the Executive Directors and senior management of the Company will not receive any Directors' fee or emolument from the Company. Thus, no remuneration committee has been established by the Company.

The remuneration of the Directors is determined by the shareholders at the AGM of the Company. At the AGM of the Company held on 21 May 2015, it was resolved that the remuneration of the Directors for the year ended 31 December 2015 be fixed by the Board. All the Executive Directors did not receive any remuneration from the Company for the year ended 31 December 2015 (2014: Nil). The total remuneration payable to other Directors for the year ended 31 December 2015 is disclosed in note 9 to the consolidated financial statements.

AUDITOR'S REMUNERATION

The Company has appointed Deloitte Touche Tohmatsu as the Company's independent auditor. During the year under review, the fees paid or payable to the Company's independent auditor for audit services provided is US$141,351 and for non-audit services provided is US$84,456 which was mainly for the purpose of reviewing the internal control systems of the Company and providing the consultation services on environmental, social and governance, and enterprise risk management of the Company.

FINANCIAL REPORTING

The Directors acknowledge their responsibility to prepare financial statements in accordance with generally accepted accounting principles in Hong Kong for each financial year which gives a true and fair view of the financial position of the Company and its subsidiaries and in presenting the interim results, annual financial statements, and related announcements to shareholders.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 63.

INTERNAL CONTROL

The Board recognises its responsibility for maintaining an adequate system of internal control for the Company. The Board has regularly reviewed the internal control policy so as to safeguard the Company's assets. In addition, the Board has appointed Deloitte Touche Tohmatsu, an independent accountancy firm, to review the internal control systems of the Company on an on-going basis. The review covered all material controls, including financial, operational and compliance controls, and risk management functions. The Board has discussed and considered the review report and the recommendations, if any. As requested by the Board, the Investment Manager has established an internal control system setting out the policies and procedures on investments and realisations, securities dealing and financial reporting. The Investment Manager is required to regularly update such policies and procedures.

COMPANY SECRETARY

The Company Secretary, Mr. LEUNG Chong Shun, is a practicing solicitor in Hong Kong. Although he is not a full time employee of the Company, he reports to the Board and is responsible for advising the Board on governance matters. The primary contact person of the Company with the Company Secretary is Mr. TSE Yue Kit, Executive Director of the Company. The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the year.

CONSTITUTIONAL DOCUMENTS

During the year under review, there is no significant change in the Company's constitutional documents.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under Paragraph O of the Code.

Convening of General Meeting on Request

Shareholder(s) may request the Directors to call a general meeting pursuant to Sections 566 to 568 of the Hong Kong Companies Ordinance.

SHAREHOLDERS' RIGHTS (CONTINUED)

Convening of General Meeting on Request (continued)

In accordance with Section 566 of the Hong Kong Companies Ordinance, the Directors are required to call a general meeting if the Company has received requests to do so from members of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meeting. Such requests (a) must state the general nature of the business to be dealt with at the meeting; and (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such requests (a) may be sent to the Company in hard copy form (by depositing at the registered office of the Company at 1609, Three Pacific Place, 1 Queen's Road East, Hong Kong for the attention of the Board) or in electronic form (by email: info@cmcdi.com.hk); and (b) must be authenticated by the person or persons making it. In accordance with Section 567 of the Hong Kong Companies Ordinance, the Directors must call a meeting within 21 days after the date on which they become subject to the requirement under Section 566 of the Hong Kong Companies Ordinance and such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting.

Putting Forward Proposals at AGM/General Meeting

To put forward a resolution at an AGM, shareholders are requested to follow the requirements and procedures set out in Sections 615 and 616 of the Hong Kong Companies Ordinance.

Section 615 of the Hong Kong Companies Ordinance provides that the Company must give notice of a resolution if it has received requests that it do so from (a) the members of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the AGM to which the requests relate; or (b) at least 50 members who have a right to vote on the resolution at the AGM to which the requests relate. Such requests (a) may be sent to the Company in hard copy form (by depositing at the registered office of the Company at 1609, Three Pacific Place, 1 Queen's Road East, Hong Kong for the attention of the Board) or in electronic form (by email: info@cmcdi.com.hk); (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) 6 weeks before the AGM to which the requests relate; or (ii) if later, the time at which notice is given of that meeting. Section 616 of the Hong Kong Companies Ordinance provides that the Company that is required under Section 615 of the Hong Kong Companies Ordinance to give notice of a resolution must send a copy of it at the Company's own expense to each member of the Company entitled to receive notice of the AGM (a) in the same manner as the notice of the meeting; and (b) at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

Pursuant to Article 100 of the Articles of Association of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company provided that the minimum length of the period, during which such notices are given, shall be at least 7 days. The period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting. Detailed procedures for shareholders to propose a person for election as a Director can be found on the Company's website.

SHAREHOLDERS' RIGHTS (continued)

Enquiries to the Board

Shareholders have been provided with contact details of the Company on the Company's website, such as telephone number, fax number, email address and postal address, in order to enable them to make any enquiries that they may have with respect to the Company. They can also send their enquiries to the Board using these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavours to maintain a high level of transparency when communicating with shareholders and the investment community at large. The Company is committed to maintaining an open and effective communication policy, and updates its shareholders and investors on relevant information on our business through general meetings, annual and interim reports, notices, announcements and circulars. The Company (through the Investment Manager) has also actively responded to the investors' queries by emails or letters and held a number of meetings with shareholders and institutional investors on their requests throughout the year under review so as to discuss and explain the Company's investment strategies and hear their opinions. Shareholders may refer to the "Shareholders Communication Policy" that posted on the Company's website for more details.

General meetings, including AGM, provide a useful forum for shareholders to exchange their views with the Board. Separate resolutions are proposed at general meetings on each substantially separate issue.

General meeting proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of general meeting is distributed to all shareholders at least 20 clear business days prior to an AGM and at least 10 clear business days prior to an extraordinary general meeting ("**EGM**") and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of a general meeting exercises his power under the Articles of Association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the general meeting.

INVESTOR RELATIONSHIP AND COMMUNICATION (continued)

The Company held two general meetings during the year under review. The attendance of each of the Directors and Alternate Director is as follows:

	Attendance/number of meetings	
	AGM held on 21 May 2015	**EGM held on 25 November 2015**
Executive Directors:		
Mr. HONG Xiaoyuan *(Chairman)*	1/1	1/1
Mr. LI Yinquan	1/1	1/1
Mr. CHU Lap Lik, Victor	0/1	0/1
Mr. WANG Xiaoding	1/1	1/1
Mr. TSE Yue Kit	1/1	1/1
Non-executive Director:		
Mr. KE Shifeng	0/1	0/1
Independent Non-executive Directors:		
Mr. LIU Baojie	0/1	0/1
Mr. ZHU Li	0/1	0/1
Mr. TSANG Wah Kwong	1/1	1/1
Dr. LI Fang	0/1	0/1
Alternate Director:		
Ms. KAN Ka Yee, Elizabeth *(alternate to Mr. CHU Lap Lik, Victor)*	1/1	1/1

ENVIRONMENTAL POLICY

The Company is an investment company listed under Chapter 21 of the Listing Rules. The Company has appointed an Investment Manager to manage its investment portfolio as well as corporate affairs and to deal with its day-to-day administration under the Investment Management Agreement. The Company, therefore, has no employees, premises, manufacturing or other operations. The Investment Manager is requested to take into account the environmental matters (for example, minimising use of paper, the using of recycled paper, etc.) when managing the corporate affairs of the Company and to take into account the environmental, social and governance policies of potential investee companies as part of its investment process.

Deloitte.
德勤

TO THE MEMBERS OF
CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Merchants China Direct Investments Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 65 to 111, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
31 March 2016

	Notes	**2015** **US$**	2014 US$
Change in fair value of financial assets designated at fair value through profit or loss		**31,492,599**	194,828,928
Investment income	6	**40,939,324**	17,053,071
Other gains		**296,373**	220,978
Administrative expenses		**(14,477,030)**	(22,714,646)
Share of results of associates		**–**	(1,461,117)
Gain on disposal of a subsidiary	14	**–**	9,723,213
Gain on disposal of an associate	15	**–**	1,432,126
Profit before taxation	8	**58,251,266**	199,082,553
Taxation	11	**(12,012,654)**	(50,454,183)
Profit for the year		**46,238,612**	148,628,370
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss			
Exchange difference arising on translation		**(37,329,326)**	(721,515)
Share of change in translation reserve of associates		**–**	(173,457)
Other comprehensive expense for the year, net of tax		**(37,329,326)**	(894,972)
Total comprehensive income for the year		**8,909,286**	147,733,398
Profit for the year attributable to owners of the Company		**46,238,612**	148,628,370
Total comprehensive income for the year attributable to owners of the Company		**8,909,286**	147,733,398
Basic earnings per share	13	**0.304**	0.976

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**2015** **US$**	2014 US$
Non-current asset			
Financial assets designated at fair value through profit or loss	16	**368,023,740**	315,765,560
Current assets			
Financial assets designated at fair value through profit or loss	16	**345,611,290**	334,409,697
Other receivables	17	**12,714,768**	593,899
Bank balances and cash	18	**53,916,743**	148,781,544
		412,242,801	483,785,140
Current liabilities			
Other payables	19	**29,601,603**	38,637,251
Taxation payable	20	**3,894,363**	11,129,705
		33,495,966	49,766,956
Net current assets		**378,746,835**	434,018,184
Total assets less current liabilities		**746,770,575**	749,783,744
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	21	**1,376,377**	1,048,696
Deferred taxation	22	**110,066,700**	108,606,865
		111,443,077	109,655,561
Net assets		**635,327,498**	640,128,183

	Notes	2015 US$	2014 US$
Capital and reserves			
Share capital	24	**139,348,785**	139,348,785
Reserves		**97,622,992**	132,818,989
Retained profits		**398,355,721**	367,960,409
Equity attributable to owners of the Company		**635,327,498**	640,128,183
Net asset value per share	26	**4.171**	4.202

The consolidated financial statements on pages 65 to 111 were approved and authorised for issue by the Board of Directors on 31 March 2016 and are signed on its behalf by:

Mr. LI Yinquan
Director

Mr. WANG Xiaoding
Director

	Share capital US$	Share premium US$	Translation reserve US$	General reserve US$	Retained profits US$	Equity attributable to owners of the Company US$
Balance at 1 January 2014	15,233,301	124,115,484	123,896,442	7,852,090	230,437,449	501,534,766
Profit for the year	–	–	–	–	148,628,370	148,628,370
Exchange difference on translation	–	–	(721,515)	–	–	(721,515)
Share of change in translation reserve of associates	–	–	(173,457)	–	–	(173,457)
Total comprehensive (expense) income for the year	–	–	(894,972)	–	148,628,370	147,733,398
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (note 24)	124,115,484	(124,115,484)	–	–	–	–
2013 final dividend paid (note 12)	–	–	–	–	(9,139,981)	(9,139,981)
Transfer to general reserve	–	–	–	1,965,429	(1,965,429)	–
Balance at 31 December 2014	139,348,785	–	123,001,470	9,817,519	367,960,409	640,128,183
Balance at 1 January 2015	**139,348,785**	**–**	**123,001,470**	**9,817,519**	**367,960,409**	**640,128,183**
Profit for the year	**–**	**–**	**–**	**–**	**46,238,612**	**46,238,612**
Exchange difference on translation	**–**	**–**	**(37,329,326)**	**–**	**–**	**(37,329,326)**
Total comprehensive (expense) income for the year	**–**	**–**	**(37,329,326)**	**–**	**46,238,612**	**8,909,286**
2014 final and special dividends paid (note 12)	**–**	**–**	**–**	**–**	**(13,709,971)**	**(13,709,971)**
Transfer to general reserve	**–**	**–**	**–**	**2,133,329**	**(2,133,329)**	**–**
Balance at 31 December 2015	**139,348,785**	**–**	**85,672,144**	**11,950,848**	**398,355,721**	**635,327,498**

The general reserve represents the general reserve fund set aside by subsidiaries in accordance with relevant laws and regulations of The People's Republic of China ("**PRC**"), which is not available for distribution.

	2015	2014
	US$	*US$*
OPERATING ACTIVITIES		
Profit before taxation	**58,251,266**	199,082,553
Adjustments for:		
Share of results of associates	**–**	1,461,117
Gain on disposal of an associate	**–**	(1,432,126)
Gain on disposal of a subsidiary	**–**	(9,723,213)
Interest income	**(2,151,955)**	(1,439,452)
Dividend income from equity investments	**(38,787,369)**	(15,613,619)
Change in fair value of financial assets designated at fair value through profit or loss	**(31,492,599)**	(168,700,563)
Operating cash flows before movements in working capital	**(14,180,657)**	3,634,697
(Increase) decrease in financial assets designated at fair value through profit or loss	**(69,216,576)**	73,825,655
Decrease (increase) in other receivables	**193,293**	(174,763)
(Decrease) increase in other payables	**(8,806,924)**	13,767,270
Increase (decrease) in financial liabilities designated at fair value through profit or loss	**98,957**	(346,843)
Cash (used in) generated from operations	**(91,911,907)**	90,706,016
Interest received	**2,070,359**	1,113,657
Dividends received	**26,554,803**	15,613,619
Income taxes paid	**(10,357,191)**	(3,751,123)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	**(73,643,936)**	103,682,169
INVESTING ACTIVITIES		
Proceeds from disposal of an associate	**–**	16,907,523
Proceeds from disposal of a subsidiary	**–**	9,723,213
Dividend received from an associate	**–**	463,605
NET CASH GENERATED FROM INVESTING ACTIVITIES	**–**	27,094,341
CASH USED IN FINANCING ACTIVITIES		
Dividends paid	**(13,709,971)**	(9,139,981)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(87,353,907)**	121,636,529
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**148,781,544**	27,253,376
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(7,510,894)**	(108,361)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**53,916,743**	148,781,544

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the Annual Report.

The Company acts as an investment holding company. The activities of the principal subsidiaries are set out in note 29.

The functional currency of the Company is Renminbi ("**RMB**"). For the purpose of convenience of the consolidated financial statements users, the consolidated financial statements are presented in United States dollars ("**USD**").

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 Cycle

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

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include: (a) impairment requirements for financial assets; and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

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

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

HKFRS 9 *Financial Instruments* (continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. 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 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, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated at fair value through profit or loss is presented in profit or loss.

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

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

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

HKFRS 9 *Financial Instruments* (continued)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial assets and financial liabilities as at 31 December 2015, the management anticipates that the application of HKFRS 9 will have no material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Except for the above, the management anticipates that the application of those new and revised HKFRSs will have no material impact on the amounts reported in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Basis of consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders meetings.

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost, less any identified impairment loss.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates (continued)

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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 designated at fair value through profit or loss ("**FVTPL**")) 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 designated at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following categories – financial assets designated at FVTPL 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gain or loss.

Financial assets designated at FVTPL

Financial assets designated at FVTPL represent those designated at FVTPL upon initial recognition. A financial asset may be designated 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 at FVTPL.

At the end of the reporting period subsequent to initial recognition, financial assets designated at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, bank balances and cash and amounts due from subsidiaries) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables (continued)

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

Impairment of financial assets

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

For all other financial assets, objective evidence of impairment could include:

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts due from subsidiaries, 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 an amount due from a subsidiary is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liability or as equity 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.

The Group's financial liabilities are generally classified into financial liabilities designated at FVTPL and other financial liabilities. The accounting policies adopted in respect of financial liabilities are set out below.

Financial liabilities designated at FVTPL

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability 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 at FVTPL.

Financial liabilities designated at FVTPL are measured 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 includes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 5.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities

Other financial liabilities, including other payables, are subsequently measured at amortised cost, using the effective interest method.

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.

Derecognition

The Group derecognises a financial asset only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial asset substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

Revenue recognition

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

Dividend income from investments, including financial assets designated at FVTPL, is recognised when the shareholders' rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

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 recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. USD) using exchange rates prevailing at the end of the each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items of income or expense 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 amount 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 and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax 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 and deferred tax are 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 are also recognised in other comprehensive income or directly in equity, respectively.

4. CAPITAL RISK MANAGEMENT

The Group manages the capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group is equity attributable to owners of the Company, comprising share capital, reserves and retained profits as disclosed in the consolidated statement of changes in equity.

The Directors review the capital structure by considering the cost of capital and the risks associated with capital. In view of this, the Group will balance its overall capital structure through new shares issues as well as the issue of new debt. The Group's overall strategy remains unchanged throughout the year.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 ***US$***	2014 *US$*
Financial assets		
Designated at FVTPL	**713,635,030**	650,175,257
Loans and receivables (including cash and cash equivalents)	**66,627,782**	149,374,412
Financial liabilities		
Amortised cost	**9,994,116**	19,029,764
Designated at FVTPL	**1,376,377**	1,048,696

Financial risk management objective and policies

The Group's major financial instruments include financial assets designated at FVTPL, other receivables, bank balances and cash, other payables and financial liabilities designated at FVTPL. Details of these financial instruments are disclosed in respective notes. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

5. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Currency risk

The Group undertakes certain transactions which expose the Group to foreign currency risk. The related balances include other receivables, bank balances and cash and other payables, denominated in a currency other than the functional currency, and so exposures to exchange rate fluctuations arise.

The Group currently does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's monetary assets and monetary liabilities which are denominated in a currency other than the functional currency of the relevant group entities at the reporting date are as follows:

	2015	2014
	US$	*US$*
Monetary assets		
USD	**5,686,867**	16,384,929
Hong Kong Dollar	**10,194,484**	205,565
Monetary liabilities		
USD	**6,316,492**	15,028,934
Hong Kong Dollar	**368,311**	332,445

Foreign currency sensitivity

For the currency risk of the Group, if the exchange rate of RMB against USD had increased/decreased by 5%, the Group's after taxation result for the year would decrease/increase by US$32,000 (2014: US$68,000).

For the Group, no sensitivity analysis has been prepared between RMB and Hong Kong Dollar as the amount involved is not significant.

In the opinion of the management, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets (mainly short-term bank deposits at market rate) at market rates.

5. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

No sensitivity analysis on cash flow interest rate risk is prepared as the Group's interest bearing bank balances at the end of the reporting period are mainly at fixed rate.

Price risk

The Group is exposed to price risk through its investments as disclosed in note 16 and financial liabilities in note 21 which are designated at FVTPL.

Price sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period.

If the market bid prices of the listed equity securities had been 20% (2014: 20%) higher/lower, the Group's after taxation result for the year would increase/decrease by US$60,868,000 (2014: US$46,170,000). This is mainly attributable to the changes in fair values of the listed equity investments held by the Group.

If the fair value of the investments other than listed equity securities had been 20% (2014: 20%) higher/lower, the Group's after taxation result for the year would increase/decrease by US$55,651,000 (2014: US$48,058,000). This is mainly attributable to the changes in fair values of the investments held by the Group.

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's financial assets include debt and equity investments, other receivables and bank balances and cash.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. In this regard, the Directors consider that the Group's credit risk on such authorised institutions is low.

The Group has concentration of credit risk in a single geographic area in the PRC.

5. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet their payment obligations associated with its financial liabilities when they fall due. The Group manages liquidity risk by maintaining adequate reserves, as well as continuously monitoring forecast and actual cash flows.

Internally generated cash flow is the main source of funds to finance the operations of the Group. The Group regularly reviews the major funding positions to ensure adequate financial resources are available to meet its financial obligations. In the opinion of the management, taking into account of the availability of marketable securities that can be disposed of by subsidiaries of the Company, the Group is able to meet its financial obligations when they fall due.

The Group's financial liabilities represent other payables (management fee accruals, performance fee accruals and business tax accruals) and financial liabilities designated at FVTPL related to sub-participation agreements. Apart from financial liabilities designated at FVTPL which is repayable upon realisation of the corresponding investments, the other financial liabilities are all interest free and repayable on demand. In the opinion of the management, no maturity profile is required to be prepared by virtue of its nature.

Fair value measurement of financial instruments

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

Most of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

5. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets	31 December 2015 US$	31 December 2014 US$	Fair value hierarchy	Valuation techniques	Significant unobservable input(s)	31 December 2015 Range	31 December 2014 Range	Relationship of unobservable inputs to fair value	31 December 2015 Increase(+)/ decrease(-) in carrying value of assets if 10% higher/lower of the unobservable inputs (Note 2) US$	31 December 2014 Increase(+)/ decrease(-) in carrying value of assets if 10% higher/lower of the unobservable inputs (Note 2) US$
Financial assets designated at FVTPL										
Listed equity securities classified as financial assets designated at FVTPL (Note 1)	**341,232,070**	329,783,745	Level 1	Quoted bid prices in active market	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Listed equity securities within lock-up period classified as financial assets designated at FVTPL (Note 1)	**14,018,418**	N/A	Level 3	Quoted bid price in active market and adjusted for lack of marketability	– Discount rate for lack of marketability	**35%**	N/A	The higher the discount rate, the lower the fair value	**–2,000,000/ +2,000,000**	N/A
Unlisted equity securities and preferred equity classified as financial assets designated at FVTPL (Note 1)	**281,732,943**	280,656,881	Level 3	Market comparable companies	– Earnings multiples – Revenue multiples – Book value multiples	**39.9x – 85.6x 1.9x – 10.7x 2.5x – 12.9x**	14.7x – 87.4x 1.4x – 8.7x 2.2x – 2.9x	The higher the multiples, the higher the fair value	**+33,000,000/ –33,000,000**	+28,000,000/ –28,000,000
					– Discount rate for lack of marketability and specific risk	**50%**	50%	The higher the discount rate, the lower the fair value	**–51,000,000/ +51,000,000**	–54,000,000/ +54,000,000
Unlisted equity classified as financial assets designated at FVTPL (Note 1)	**26,750,955**	24,494,199	Level 3	Fund's net asset value	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Unlisted equity securities classified as financial assets designated at FVTPL (Note 1)	**45,521,424**	10,614,480	Level 3	Recent transaction price	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Unlisted equity securities and bond classified as financial assets designated at FVTPL (Note 1)	**4,379,220**	4,625,952	Level 3	Recoverable amount	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Closing balance	**713,635,030**	650,175,257								

Note 1: Financial assets designated at FVTPL represent those designated at FVTPL upon initial recognition.

Note 2: Amount represents increase(+)/decrease(-) in carrying value of the financial assets if the unobservable inputs were 10% higher/lower while all the other variables were held constant. The 10% higher/lower discount rate represents +/-10% on the basis of those rates.

Note 3: The analysis of financial liabilities is set out in note 21.

5. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at both year ends.

	Level 1 ***US$***	**Level 2** ***US$***	**Level 3** ***US$***	**2015** **Total** ***US$***
Financial assets designated at FVTPL	**341,232,070**	**–**	**372,402,960**	**713,635,030**
Financial liabilities designated at FVTPL	**–**	**–**	**1,376,377**	**1,376,377**

	Level 1 *US$*	Level 2 *US$*	Level 3 *US$*	2014 Total *US$*
Financial assets designated at FVTPL	329,783,745	–	320,391,512	650,175,257
Financial liabilities designated at FVTPL	–	–	1,048,696	1,048,696

The following is the analysis of realised and unrealised gains (losses) on investments of the Group for the year ended 31 December 2015:

	2015 ***US$***	2014 *US$*
Change in fair value of financial assets designated at FVTPL		
Listed investments		
Realised	**–**	(465,143)
Unrealised	**13,580,782**	120,008,230
Unlisted investments		
Realised	**–**	26,593,508
Unrealised	**17,911,817**	48,692,333
Total	**31,492,599**	194,828,928

5. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Designated at FVTPL *US$*
Balance at 1 January 2014	331,495,924
Gains or losses recognised in:	
Profit or loss – realised	26,833,689
Profit or loss – unrealised	48,692,333
Exchange differences arising on translation	(612,842)
Purchases	9,856,100
Disposals	(95,873,692)
Balance at 31 December 2014	320,391,512
Balance at 1 January 2015	**320,391,512**
Gains or losses recognised in:	
Profit or loss – unrealised	**13,301,769**
Exchange differences arising on translation	**(18,426,833)**
Purchases	**57,136,512**
Balance at 31 December 2015	**372,402,960**

5. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial liabilities:

	Designated at FVTPL *US$*
Balance at 1 January 2014	1,759,244
Additions	84,679
Disposals	(576,002)
Change in fair value	(219,225)
Balance at 31 December 2014	1,048,696
Balance at 1 January 2015	**1,048,696**
Additions	**343,600**
Change in fair value	**(15,919)**
Balance at 31 December 2015	**1,376,377**

Of the total gains for the year included in profit or loss, US$13,301,769 (2014: US$48,692,333) relates to financial assets designated at FVTPL categorised in Level 3 held at the end of the reporting period. Fair value gains or losses on financial assets designated at FVTPL are included in "Change in fair value of financial assets designated at fair value through profit or loss".

Fair value measurements and valuation processes

A guideline on the fair value measurements has been applied to the regular assessment of fair value of an asset. Fair value of listed investments is determined based on the quoted market bid prices available on the relevant exchanges. Fair value of listed investments within lock-up period is assessed based on the quoted market bid prices available on the relevant exchanges and adjusted for lack of marketability. Fair value of unlisted investments is arrived at by reference to their recent transaction prices or recoverable amounts. For unlisted investments with no recent transactions noted, their fair values are arrived at on the basis of valuations carried out by an independent valuer on a half-yearly basis. Determination of fair value is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability. Factors considered in determining the fair value of these investments include multiples of comparable companies listed on stock exchanges and discount rates based on market information. The valuation report prepared by the independent valuer is reported to the executive management on a half-yearly basis.

6. INVESTMENT INCOME

Investment income represents the income received and receivable on investments during the year as follows:

	2015 **US$**	2014 *US$*
Interest income on		
Bank deposits	**2,151,955**	1,244,672
Financial assets designated at FVTPL – unlisted bond	**–**	194,780
	2,151,955	1,439,452
Dividend income on financial assets designated at FVTPL		
Listed equity investments	**11,956,398**	10,552,593
Unlisted equity investments	**26,830,971**	5,061,026
	38,787,369	15,613,619
Total	**40,939,324**	17,053,071

The following is an analysis of investment income earned on financial assets, by category of asset:

	2015 **US$**	2014 *US$*
Interest income for financial assets not designated at FVTPL	**2,151,955**	1,244,672
Investment income earned on financial assets designated at FVTPL	**38,787,369**	15,808,399
Total	**40,939,324**	17,053,071

7. SEGMENTAL INFORMATION

The Group's reportable segments, based on information reported to the executive management for the purposes of resources allocation and performance assessment (since the size of investments in energy and resources, agriculture and education activities is not significant, these investments are aggregated and reported as "Others"), are as follows:

(a) Financial services: investees engaged in financial services activities.

(b) Culture and media: investees engaged in culture and media activities.

(c) Manufacturing: investees engaged in manufacturing of products activities.

(d) Information technology: investees engaged in information technology activities.

(e) Medical and pharmaceutical: investees engaged in medical and pharmaceutical activities.

(f) Others: investees engaged in energy and resources, agriculture and education activities.

Information regarding the above segments is reported below and comparative figures have been restated to conform to the current year's presentation:

The following is an analysis of the Group's reportable and operating segments for the year under review.

For the year ended 31 December 2015

	Financial services US$	Culture and media US$	Manufacturing US$	Information technology US$	Medical and pharmaceutical US$	Others US$	Total US$
Change in investment value	12,996,768	(2,061,014)	(6,013,590)	794,179	20,154,040	5,622,216	31,492,599
Dividend income on financial assets designated at FVTPL	16,311,931	22,118,983	–	–	356,455	–	38,787,369
Other gains	–	296,373	–	–	–	–	296,373
Segment profit (loss)	29,308,699	20,354,342	(6,013,590)	794,179	20,510,495	5,622,216	70,576,341
Unallocated:							
– Administrative expenses							(14,477,030)
– Interest income on bank deposits							2,151,955
Profit before taxation							58,251,266

7. SEGMENTAL INFORMATION (CONTINUED)

For the year ended 31 December 2014 (restated)

	Financial services	Culture and media	Manufacturing	Information technology	Medical and pharmaceutical	Others	Total
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Change in investment value	188,035,815	20,362,712	(160,692)	(13,297,299)	3,043,436	(3,155,044)	194,828,928
Dividend income on financial assets designated at FVTPL	15,548,692	–	64,927	–	–	–	15,613,619
Interest income from financial assets designated at FVTPL	–	–	–	194,780	–	–	194,780
Other gains	–	220,978	–	–	–	–	220,978
Segment profit (loss)	203,584,507	20,583,690	(95,765)	(13,102,519)	3,043,436	(3,155,044)	210,858,305
Unallocated:							
– Share of results of associates							(1,461,117)
– Gain on disposal of a subsidiary							9,723,213
– Gain on disposal of an associate							1,432,126
– Administrative expenses							(22,714,646)
– Interest income on bank deposits							1,244,672
Profit before taxation							199,082,553

Segment profit (loss) represents the change in investment value (including change in fair value of financial assets designated at FVTPL) and the corresponding dividend income, interest income and other gains earned by each segment without allocation of share of results of associates, gain on disposal of a subsidiary, gain on disposal of an associate, central administrative expenses, fees to the Investment Manager and interest income on bank deposits. This is the measure reported to the executive management for the purposes of resources allocation and performance assessment. No separate segment revenue (i.e. investment income) is disclosed as it had been presented in the computation of segment profit (loss).

7. SEGMENTAL INFORMATION (CONTINUED)

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

	2015	2014
	US$	*US$*
		(restated)
Segment assets		
Financial services	**555,644,315**	522,468,825
Culture and media	**103,966,125**	78,700,679
Manufacturing	**5,711,778**	12,237,294
Information technology	**2,644,250**	1,990,521
Medical and pharmaceutical	**38,561,045**	20,223,893
Others	**19,340,083**	14,750,156
Total segment assets	**725,867,596**	650,371,368
Unallocated	**54,398,945**	149,179,332
Consolidated assets	**780,266,541**	799,550,700
Segment liabilities		
Financial services	**111,083**	6,585
Culture and media	**657,979**	736,329
Manufacturing	**72,874**	172,945
Information technology	**546,002**	543,129
Medical and pharmaceutical	**211,425**	110,885
Others	**4,156,234**	4,342,968
Total segment liabilities	**5,755,597**	5,912,841
Unallocated	**139,183,446**	153,509,676
Consolidated liabilities	**144,939,043**	159,422,517

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

All assets are allocated to reportable segments other than certain other receivables, bank balances and cash, and all liabilities are allocated to reportable segments other than certain other payables, current and deferred tax liabilities.

During the year, the Group was principally involved in investing in companies with significant business involvement in the PRC, hence no geographical information in relation to the investing activities is presented.

8. PROFIT BEFORE TAXATION

	2015	2014
	US$	*US$*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**162,834**	150,204
Net foreign exchange loss	**65,480**	10,576
Investment Manager's management fee	**11,728,823**	10,195,170
Investment Manager's performance fee	**1,795,231**	10,821,857
Directors' fees	**134,192**	132,550

9. DIRECTORS' EMOLUMENTS

The Group has no chief executives and the Directors' fees paid or payable to each of the 11 (2014: 13) Directors were as follows:

	2015	2014
	US$	*US$*
Executive Directors:		
Mr. HONG Xiaoyuan	**–**	–
Mr. LI Yinquan	**–**	–
Mr. CHU Lap Lik, Victor (Note a)	**–**	–
Mr. WANG Xiaoding*	**–**	–
Mr. TSE Yue Kit	**–**	–
Ms. ZHOU Linda Lei#	**Not applicable**	–
Ms. KAN Ka Yee, Elizabeth *(Alternate Director)* (Note a)	**–**	–
	–	–

9. DIRECTORS' EMOLUMENTS (CONTINUED)

	2015	2014
	US$	*US$*
Non-executive Director (Note b):		
Mr. KE Shifeng	**25,806**	25,763
Independent Non-executive Directors (Note b):		
Mr. LIU Baojie	**25,806**	25,763
Mr. ZHU Li	**25,806**	25,763
Mr. TSANG Wah Kwong	**30,968**	30,915
Dr. LI Fang*	**25,806**	6,183
Mr. XIE Tao#	**Not applicable**	18,163
	108,386	106,787
Total	**134,192**	132,550

* The Directors were appointed during the year 2014.
\# The Directors resigned during the year 2014.

Notes:

(a) Mr. CHU Lap Lik, Victor and Ms. KAN Ka Yee, Elizabeth have indirect beneficial interests in China Merchants China Investment Management Limited which entered into an Investment Management Agreement with the Company on 18 October 2012 and became effective on 1 January 2013 and was for a fixed term of three years. On 15 October 2015, the Company renewed the Investment Management Agreement with China Merchants China Investment Management Limited. The details of the existing Investment Management Agreement and renewed Investment Management Agreement can be referred to the circulars dated 9 November 2012 and 6 November 2015, respectively. The amount of management fee and performance fee paid or accrued to China Merchants China Investment Management Limited are disclosed in note 28 to the consolidated financial statements.

(b) The emoluments for Non-executive Director and Independent Non-executive Directors shown above were mainly for their services as Directors of the Company.

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

10. EMPLOYEES' EMOLUMENTS

The five (2014: six) highest paid individuals in the Group were all Directors of the Company and details of their emoluments are included in note 9 above.

11. TAXATION

The tax charge for the year comprises:

	2015	2014
	US$	*US$*
The Company and its subsidiaries		
Current tax:		
PRC Enterprise Income Tax	**(4,074,378)**	(14,742,102)
Underprovision in prior year	**(33,217)**	–
Deferred taxation (note 22)		
Current year	**(7,905,059)**	(35,712,081)
Total	**(12,012,654)**	(50,454,183)

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the years. PRC Enterprise Income Tax in the PRC is calculated at the rates prevailing in the relevant regions.

No provision for taxation in Hong Kong has been made for the years as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries.

11. TAXATION (CONTINUED)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	US$	*US$*
Profit before taxation	**58,251,266**	199,082,553
Share of results of associates	**–**	1,461,117
Gain on disposals of a subsidiary and an associate	**–**	(11,155,339)
Profit before taxation attributable to the Company and its subsidiaries	**58,251,266**	189,388,331
Tax at the domestic income tax rate of 25% (2014: 25%) (Note)	**(14,562,817)**	(47,347,083)
Tax effect of expenses not deductible for tax purpose	**(5,481,504)**	(5,763,857)
Tax effect of income not taxable for tax purpose	**8,387,886**	4,122,938
Underprovision in prior year	**(33,217)**	–
Tax effect of tax losses/deductible temporary differences not recognised	**(96,224)**	(435)
Effect of different tax rates of the Company and its subsidiaries operating in other regions in the PRC	**(1,134,692)**	4,939,607
Effect of different tax rate applied for deferred tax liabilities recognised for the year	**1,117,839**	(4,837,425)
Dividend withholding taxation in the PRC	**(209,925)**	(1,567,928)
Taxation	**(12,012,654)**	(50,454,183)

Note: The domestic tax rate (which is PRC Enterprise Income Tax rate applicable to the Company's major subsidiaries in the PRC) represents the tax rate in the jurisdiction where the investments of the Group are substantially located.

12. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend of US$0.06 per share (2014: US$0.06) and a special dividend of US$0.09 per share (2014: US$0.03) in respect of the year ended 31 December 2015 have been proposed by the Directors and are subject to approval by the shareholders at the forthcoming annual general meeting.

A cash dividend of US$13,709,971 (2014: US$9,139,981) for the year ended 31 December 2014 was paid on 30 July 2015.

13. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2015	2014
Profit for the purpose of basic earnings per share (US$)	**46,238,612**	148,628,370
Number of ordinary shares for the purpose of basic earnings per share	**152,333,013**	152,333,013
Basic earnings per share (US$)	**0.304**	0.976

14. DISPOSAL OF A SUBSIDIARY

On 5 June 2014, the Group disposed of Wheaton International Limited which indirectly held the investment in China Merchants Plaza (Shanghai) Property Co., Ltd..

Consideration received

	2015	2014
	US$	*US$*
Consideration received in cash and cash equivalents	**–**	9,723,213

Analysis of assets and liabilities over which control was lost

	2015	2014
	US$	*US$*
Current liabilities		
Interest payable to the Company	**–**	(2,004)
Amount due to the Company	**–**	(6,510,004)
Net liabilities disposed of	**–**	(6,512,008)

14. DISPOSAL OF A SUBSIDIARY (CONTINUED)

Gain on disposal of a subsidiary

	2015 **US$**	2014 *US$*
Consideration received	–	9,723,213
Net liabilities disposed of	–	6,512,008
Translation reserve	–	(25,953)
Reversal of provision on amount due from a subsidiary	–	(6,486,055)
Gain on disposal	–	9,723,213

The gain on disposal is included in gain on disposal of a subsidiary in the consolidated statement of profit or loss and other comprehensive income.

Net cash inflow on disposal of a subsidiary

	2015 **US$**	2014 *US$*
Consideration received in cash and cash equivalents	–	9,723,213

15. DISPOSAL OF AN ASSOCIATE

In the prior year, the Group held a 25.91% equity interest in Shandong Jinbao Electronics Co., Ltd. ("**Jinbao**") and accounted for the investment as an associate. In August 2014, the Group disposed of its entire interest in Jinbao to a third party for consideration of RMB104.55 million. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	2015 **US$**	2014 *US$*
Proceeds of disposal	–	16,907,523
Translation reserve	–	48,914
Less: carrying amount of the investment on the date of loss of significant influence	–	(15,524,311)
Gain recognised	–	1,432,126

16. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	US$	*US$*
Equity and debt securities designated at FVTPL:		
– listed equities in PRC (Note a)	**328,328,922**	329,783,745
– listed equity in HK (Note a)	**12,903,148**	–
– listed equity within lock-up period in PRC (Note a)	**14,018,418**	–
– unlisted equities (Note b)	**331,502,421**	303,351,236
– unlisted preferred equity (Note b)	**26,400,000**	16,550,000
– unlisted bond (Note b)	**482,121**	490,276
Total	**713,635,030**	650,175,257
Analysed to reporting purposes as		
Current assets	**345,611,290**	334,409,697
Non-current assets	**368,023,740**	315,765,560
Total	**713,635,030**	650,175,257

The Group's sale proceeds from disposal of direct investment in 2015 was nil (2014: US$136,440,856).

Notes:

(a) The listed equity securities represent the Group's interest held in China Merchants Bank Co., Ltd., Industrial Bank Co., Ltd. and China Reinsurance (Group) Corporation. The fair values of these listed securities are determined based on the quoted market bid prices available on the relevant exchanges. The listed equity securities within lock-up period represent the Group's interest held in Shanghai Oriental Pearl Media Co., Ltd.. The fair value of this listed securities is determined based on the quoted market bid prices available on the relevant exchanges and adjusted for lack of marketability.

(b) As at 31 December 2015, fair values of unlisted equities and bond amounting to US$49,900,644 (2014: US$15,240,432) were arrived at by reference to their recent transaction prices or recoverable amounts prior to the year end. For unlisted investments with no recent transactions noted, their fair values were arrived at on the basis of valuations carried out by an independent valuer not connected with the Group. Determination of fair value is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability. Factors considered in determining the fair value of these investments include multiples of comparable companies listed on stock exchanges.

17. OTHER RECEIVABLES

	2015 US$	2014 US$
Dividend receivable	**12,232,566**	–
Interest receivable	**477,691**	396,095
Other receivables	**4,511**	197,804
Total	**12,714,768**	593,899

18. BANK BALANCES AND CASH

Bank balances comprise current accounts, savings accounts and short-term bank deposits at fixed prevailing market interest rates. The bank balances and cash of the Group include an amount of US$31,297,832 (2014: US$132,192,059) which is denominated in RMB.

Bank balances and cash held by subsidiaries in the PRC are subject to exchange control restrictions. The carrying amount of these restricted assets in the consolidated financial statements as at 31 December 2015 was approximately of US$31.28 million (2014: US$132.19 million).

19. OTHER PAYABLES

Other payables mainly comprise management fee and performance fee payable to China Merchants China Investment Management Limited ("**Investment Manager**") as disclosed in note 28 and business tax payable of US$19,607,487 (2014: US$19,607,487) arising from disposal of listed equity securities.

20. TAXATION PAYABLE

The taxation payable represents applicable PRC taxes calculated at the rates prevailing in the relevant regions mainly for the realised capital gains from disposal of investments.

21. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial liabilities designated at FVTPL as at 31 December 2015 were related to the sub-participation agreements (the "**Sub-participation Agreements**") entered into between the Company and the participants in respect of the investments by the Group in 北京銀廣通廣告有限公司 (Unibank Media Group Inc.), 武漢日新科技股份有限公司 (Wuhan Rixin Technology Co., Ltd.), 華人文化(天津)投資管理有限公司 (China Media (Tianjin) Investment Management Co., Ltd.), 深圳吉陽智雲科技有限公司(Shenzhen Geesun Zhiyun Technology Co., Ltd.), 華人文化產業股權投資(上海)中心(有限合夥) (China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership)), 江蘇華爾石英材料股份有限公司(Jiangsu Huaer Quartz Materials Co., Ltd.), 西安金源電氣股份有限公司(Xi'an Jinpower Electrical Co., Ltd.), 遼寧振隆特產股份有限公司(Liaoning Zhenlong Native Produce Holding Company Ltd.), 能通科技股份有限公司 (NTong Technology Co., Ltd.), 天利半導體(深圳)有限公司 (Teralane Semiconductor (Shenzhen) Co., Ltd.), 華勁集團股份有限公司 (Hwagain Group Co., Ltd.), 新疆承天農牧業發展股份有限公司 (Xinjiang Chengtian Agriculture & Animal Husbandry Development Co., Ltd.), 天翼視訊傳媒有限公司 (Esurfing Media Co., Ltd.), 南京聖和藥業股份有限公司 (Nanjing Sanhome Pharmaceutical Co., Ltd.), 廣西新華幼兒教育投資有限公司(Guangxi Xinhua Preschool Education Investment Corporation Limited), 上海東方明珠新媒體股份有限公司(Shanghai Oriental Pearl Media Co., Ltd.), 中建投租賃有限責任公司 (JIC Leasing Co., Ltd.) and 中國再保險(集團)股份有限公司 (China Reinsurance (Group) Corporation) (collectively referred to as the "**Project Companies**"). As all above mentioned investments by the Group in the Project Companies are designated as financial assets designated at FVTPL and value of the Sub-participation Agreements are associated directly with these underlying investments, the Sub-participation Agreements are thus classified as financial liabilities designated at FVTPL.

Pursuant to the Sub-participation Agreements, the participants will receive a portion of the return (in the form of dividends, interest, or other distributions or proceeds from realisation) from the Group's investment in the Project Companies that is proportional to the amount provided by the participants to the Group as a percentage of the total Group's investment in the Project Companies. If the Group suffers a loss from its investment in the Project Companies, the participants will correspondingly share a loss in the amount they provided to the Group on a pro rata basis. Details of the Sub-participation Agreements are disclosed in the section of Investment Manager's Discussion and Analysis and under the heading of Sub-participation Scheme.

22. DEFERRED TAXATION

The following is the deferred tax liability recognised by the Group and movements thereon during the current and prior years:

	Capital gains for investments *US$*	**Undistributed earnings of PRC subsidiaries** *US$*	**Total** *US$*
Balance at 1 January 2014	62,360,777	10,492,469	72,853,246
Charged to profit or loss for the year	29,300,151	6,411,930	35,712,081
Exchange differences	41,538	–	41,538
Balance at 31 December 2014	**91,702,466**	**16,904,399**	**108,606,865**
Charged to profit or loss for the year	**5,583,886**	**2,321,173**	**7,905,059**
Exchange differences	**(5,470,050)**	**(975,174)**	**(6,445,224)**
Balance at 31 December 2015	**91,816,302**	**18,250,398**	**110,066,700**

No deferred tax asset has been recognised in relation to tax losses due to the unpredictability of future relevant taxable profit against which the tax losses can be utilised.

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 US$	2014 US$
Non-current assets			
Investments in subsidiaries		**38,971,724**	32,080,249
Financial assets designated at fair value through profit or loss		**84,319,251**	91,984,241
Amounts due from subsidiaries		**65,471,905**	29,759,690
		188,762,880	153,824,180
Current assets			
Amounts due from subsidiaries		**73,829,054**	156,956,480
Other receivables		**6,110**	9,217
Bank balances and cash		**10,662,517**	16,569,272
		84,497,681	173,534,969
Current liabilities			
Amounts due to subsidiaries		**12,955,432**	17,021,346
Other payables		**5,308,426**	14,312,683
Taxation payable		**418,080**	418,080
		18,681,938	31,752,109
Net current assets		**65,815,743**	141,782,860
Total assets less current liabilities		**254,578,623**	295,607,040
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss		**1,376,377**	1,048,696
Deferred taxation		**6,902,051**	7,668,550
		8,278,428	8,717,246
Net assets		**246,300,195**	286,889,794
Capital and reserves			
Share capital	24	**139,348,785**	139,348,785
Reserves	25	**106,951,410**	147,541,009
Equity attributable to owners of the Company		**246,300,195**	286,889,794

Mr. LI Yinquan
Director

Mr. WANG Xiaoding
Director

24. SHARE CAPITAL OF THE COMPANY

	Number of shares	*US$*
Issued and fully paid:		
At 1 January 2014		
– Ordinary shares of US$0.10 each	152,333,013	15,233,301
Transfer from share premium upon abolition of par value (Note 1)	–	124,115,484
At 31 December 2014, 1 January and 31 December 2015		
– Ordinary shares with no par value (Note 2)	**152,333,013**	**139,348,785**

Note 1: In accordance with the transitional provision set out in section 37 of schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

Note 2: The Company has no authorised share capital and its shares have no par value since the commencement date of the new Hong Kong Companies Ordinance (Cap. 622) (i.e. 3 March 2014).

25. SHARE PREMIUM AND RESERVES OF THE COMPANY

	Share premium *US$*	Retained profits *US$*	Total *US$*
Balance at 1 January 2014	124,115,484	138,352,210	262,467,694
Profit for the year	–	18,328,780	18,328,780
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (note 24)	(124,115,484)	–	(124,115,484)
2013 final dividend paid	–	(9,139,981)	(9,139,981)
Balance at 1 January 2015	**–**	**147,541,009**	**147,541,009**
Loss for the year	**–**	**(26,879,628)**	**(26,879,628)**
2014 final and special dividends paid	**–**	**(13,709,971)**	**(13,709,971)**
Balance at 31 December 2015	**–**	**106,951,410**	**106,951,410**

26. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share at the end of the reporting period is based on the net assets of US$635,327,498 (2014: US$640,128,183) and 152,333,013 ordinary shares (2014: 152,333,013 ordinary shares) with no par value in issue at 31 December 2015.

27. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments as follows:

(a) On 29 April 2010, the Group entered into an agreement with, among others, China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) ("**China Media Investment**"), pursuant to which the Group agreed to make a cash injection of RMB200 million (equivalent to approximately US$31.13 million) in total by installments into the capital of China Media Investment in return for approximately 10% interest in China Media Investment. In addition, the other investors agreed to make cash injections proportionate to their holdings. As at 31 December 2015, the Group has injected RMB158.66 million, equivalent to approximately US$24.76 million (2014: RMB158.66 million, equivalent to approximately US$24.76 million) into China Media Investment and classified the investment as a financial asset designated at FVTPL under non-current assets.

(b) On 31 October 2014, the Group entered into a joint venture agreement in relation to Guangxi Xinhua Preschool Education Investment Corporation Limited ("**Xinhua Preschool Education**"), pursuant to which the Group agreed to make a capital contribution of RMB90 million (equivalent to approximately US$14.14 million) in total by installments into the capital of Xinhua Preschool Education in return for a 30% interest in Xinhua Preschool Education. As at 31 December 2015, the Group has injected RMB30 million, equivalent to approximately US$4.90 million (2014: RMB30 million, equivalent to approximately US$4.90 million) into Xinhua Preschool Education and classified the investment as a financial asset designated at FVTPL under non-current assets.

28. RELATED PARTY TRANSACTIONS

The Company has appointed the Investment Manager for both listed and unlisted investments. Certain Directors of the Company are also Directors and/or shareholders of the Investment Manager.

During the year, other than as disclosed elsewhere in the consolidated financial statements, the Group have incurred the following related party transactions:

(a) The Company paid or accrued to the Investment Manager management fees totaling US$11,728,823 (2014: US$10,195,170). The fee is calculated based on a fixed percentage on the value of the Group's assets as stipulated in the Investment Management Agreement (Note).

(b) A performance fee of US$1,795,231 (2014: US$10,821,857) is provided for the year 2015 and is payable to the Investment Manager. The fee is estimated based on a fixed percentage on the agreed increment of the Group's net asset value after certain adjustment as stipulated in the Investment Management Agreement (Note).

The amount due to the Investment Manager included in other payables in the consolidated statements of financial position as at 31 December 2015 was US$4,765,965 (2014: US$13,577,454). Amount due to the Investment Manager is unsecured, interest free and is repayable on demand.

(c) Securities brokerage commission fee totaling US$19,046 (2014: US$5,510) was paid to a subsidiary of a substantial shareholder of the Company (the "**Substantial Shareholder**") who has significant influence over the Company. Since the Substantial Shareholder has significant influence over the Company and has control over its subsidiary, the securities brokerage commission fees are considered to be related party transactions (Note).

(d) Pursuant to the Sub-participation Agreements, the financial liabilities of the Group with Mr. LI Yinquan, Mr. WANG Xiaoding and Mr. TSE Yue Kit, who are Directors of both the Company and the Investment Manager, were US$7,658, US$183,877 and US$22,985, respectively (2014: Nil, US$123,992 and US$16,606, respectively). The financial liability of the Group with Mr. HONG Xiaoyuan, a Director of the Company, was US$128,447 (2014: US$105,115). Moreover, the financial liability of the Group with Mr. TSIM Tak Chee, a Director of the Investment Manager and resigned on 25 June 2015, was US$56,306 (2014: US$25,937). The financial liability of the Group with Mr. LAW Hung Kuen, Janson, a Director of the Investment Manager and appointed on 25 June 2015, was US$1,293 (2014: Nil).

(e) Key management compensation is disclosed in note 9 to the consolidated financial statements.

Note: These related party transactions also constitute continuing connected transactions or connected transactions and are disclosed in accordance with Chapter 14A of the Listing Rules.

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of all principal subsidiaries at 31 December 2015 and 2014, which are all wholly-owned by the Company, are as follows:

Name	Classes of shares held	Place of incorporation/ registration and operation	Principal activities	Issued and paid-up capital	Name of Directors
CMCDI Zhaoyuan Limited	Ordinary	BVI/PRC	Investment holding	US$1 (Directly owned limited liability company)	Mr. WANG Xiaoding Mr. NG Chi Keung
China Merchants Industry Development (Shenzhen) Limited	Registered capital	PRC/PRC	Investment holding	US$10,000,000 (Directly owned & wholly-owned foreign enterprise)	Mr. CHU Lap Lik, Victor Mr. WANG Xiaoding Mr. TSE Yue Kit Ms. KAN Ka Yee, Elizabeth Mr. CHOI King Yin, Christopher
Everich Dynamic Investments Limited	Ordinary	BVI/PRC	Inactive	US$1 (Directly owned limited liability company)	Mr. WANG Xiaoding Ms. HO Man Yi
Goshing Investment Limited	Ordinary	BVI/PRC	Investment holding	US$1 (Directly owned limited liability company)	Mr. WANG Xiaoding Mr. NG Chi Keung
Leadman Investment Limited	Ordinary	HK/HK	Inactive	HK$1 (Directly owned limited liability company)	Mr. WANG Xiaoding Mr. NG Chi Keung
Main Star Investment Limited	Ordinary	HK/HK	Investment holding	HK$40,000,000 (Directly owned limited liability company)	Mr. WANG Xiaoding Mr. NG Chi Keung
Ryan Pacific Limited	Ordinary	BVI/PRC	Inactive	US$1 (Directly owned limited liability company)	Mr. WANG Xiaoding Mr. NG Chi Keung
Star Group Limited	Ordinary	HK/HK	Investment holding	HK$2 (Directly owned limited liability company)	Mr. WANG Xiaoding Mr. NG Chi Keung
Shenzhen Tian Zheng Investment Co., Ltd.	Registered capital	PRC/PRC	Investment holding	RMB700,000,000 (Indirectly owned limited liability company)	Mr. DU Yi
Wisetech Limited	Ordinary	BVI/PRC	Investment holding	US$1 (Directly owned limited liability company)	Mr. WANG Xiaoding Ms. HO Man Yi
Xinjiang Tian Hong Equity Investment Co., Ltd.	Registered capital	PRC/PRC	Investment holding	RMB30,000,000 (Indirectly owned limited liability company)	Mr. DU Yi

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

None of the subsidiaries had any debt securities subsisting at 31 December 2015 and 2014 or at any time during the year.

30. KEY SOURCE OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are as follows:

Fair value of financial assets and liabilities designated at FVTPL

As indicated in notes 5, 16 and 21, the Group selects appropriate valuation techniques for financial instruments and liabilities not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair values of unlisted financial assets and liabilities designated at FVTPL are determined in accordance with generally accepted pricing models. The values assigned to the financial assets and liabilities are based upon available information and do not necessarily represent amounts which might ultimately be realised, since such amounts depend on future circumstance and cannot be reasonably determined until the individual position is realised.

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2011	2012	2013	2014	**2015**
	US$	*US$*	*US$*	*US$*	***US$***
Investment income	17,330,254	13,679,480	23,558,016	17,053,071	**40,939,324**
(Loss) profit from operations	(17,678,263)	25,698,738	48,980,446	189,388,331	**58,251,266**
Share of results of associates	58,112	(1,411,813)	(4,702,094)	(1,461,117)	**–**
Gain on disposal of a subsidiary	–	–	–	9,723,213	**–**
Gain on disposal of an associate	–	–	–	1,432,126	**–**
Taxation	(2,207,479)	(14,403,677)	(9,440,386)	(50,454,183)	**(12,012,654)**
(Loss) profit attributable to owners of the Company	(19,827,630)	9,883,248	34,837,966	148,628,370	**46,238,612**
Basic (loss) earnings per share	(0.132)	0.064	0.224	0.976	**0.304**
Dividend per share					
– Final	0.04	0.05	0.06	0.06	**0.06**
– Special	0.08	–	–	0.03	**0.09**
– Total	0.12	0.05	0.06	0.09	**0.15**

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2011	2012	2013	2014	**2015**
	US$	*US$*	*US$*	*US$*	***US$***
Total assets	556,181,804	568,776,594	600,655,481	799,550,700	**780,266,541**
Total liabilities	(79,271,288)	(90,374,232)	(99,120,715)	(159,422,517)	**(144,939,043)**
Net assets	476,910,516	478,402,362	501,534,766	640,128,183	**635,327,498**
Net asset value per share	3.148	3.021	3.292	4.202	**4.171**