EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU
(Limited by guarantee)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2014

EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU

REPORT OF THE COUNCIL MEMBERS

The Council Members have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2014.

Principal activities

The Bureau administers a fund, namely the Employees Compensation Insurer Insolvency Scheme to assume responsibility for the liabilities of insurers engaging in employees' compensation business that become insolvent on or after 1 April 2004.

Financial statements

The results of the Bureau for the year ended 31 December 2014 and the state of affairs of the Bureau as at that date are set out in the financial statements on pages 5 to 17.

Retained surplus

Movements in retained surplus during the year are set out in the statement of changes in equity on page 7.

Council Members

The Council Members during the financial year and up to the date of this report are:

Mr Allan Kin Nam Yu	
Mr Andrew Chow Yiu Ming	(resigned on 15 April 2014)
Mr Andrew Wong K.C.	
Mr Chan Pui Leung	
Mr James Chan Chi Yin	
Mr Kok Ho Wong	
Mr Lobo Law Po Tung	
Mr Mark John Walker	
Mr Nicholas John Helms	
Mr Ronnie Ng Wing Fat	
Ms Agnes Choi Heung Kwan	
Mr Ng Man Fai	(appointed on 26 May 2014)

Mr Ng Man Fai having been appointed to fill a causal vacancy during the year, retires at the forthcoming annual general meeting in accordance with article 35(2) of the Bureau's Articles of Association and, being eligible, offers himself for re-election.

Messrs. Agnes Choi Heung Kwan, Mr James Chan Chi Yin, Mr Andrew Wong K.C. and Mr Ng Wing Fat Ronnie are to retire at the forthcoming annual general meeting in accordance with article 35(3) of the Bureau's Articles of Association and, being eligible, offer themselves for re-election.

All other remaining Council Members continue in office.

EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU

REPORT OF THE COUNCIL MEMBERS

Council Member's interests in contracts

No contract of significance to which the Bureau was a party and in which a Council Member of the Bureau had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Bureau a party to any arrangements to enable the Council Members of the Bureau to acquire benefits by means of the acquisition of shares in or debentures of any body corporate.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Bureau were entered into or existed during the year.

Auditors

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

By order of the Council

Chairman

Hong Kong, 14 April 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU
(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Employees Compensation Insurer Insolvency Bureau ("the Bureau") set out on pages 5 to 17, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Council members' responsibility for the financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to 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 financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU (CONTINUED)
(Incorporated in Hong Kong and limited by guarantee)

Opinion

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 April 2015

EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$	2013 HK$
Revenue			
Members' contributions		133,121,550	133,162,767
		133,121,550	133,162,767
Other income			
Net realised and unrealised gains on financial assets		69,839,324	17,499,986
Other investment income		3,433,808	2,938,993
Interest income on deposits		105	108
		73,273,237	20,439,087
Total revenue and other income		206,394,787	153,601,854
Less: Incurred claims			
Movement in provision for outstanding claims	9	-	(30,000)
		-	(30,000)
Less: Expenses			
Investment management fees		2,280,048	1,922,077
Investment custody fees		679,615	569,456
Accountancy, taxation and secretarial fees		676,600	650,200
Legal and professional fees		241,900	190,000
Insurance		123,300	123,300
Audit fees		107,961	102,820
Others		34,293	28,276
		4,143,717	3,586,129
		-	-
Total expenses		4,143,717	3,556,129
Surplus for the year		202,251,070	150,045,725
Other comprehensive surplus		-	-
Total comprehensive surplus for the year		202,251,070	150,045,725

The notes on pages 9 to 17 are an integral part of these financial statements.

EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 HK$	2013 HK$
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	6	1,200,118,532	995,121,685
Contributions and other receivables	7	28,806,312	31,465,618
Bank balances and cash	8	314,809	311,133
Total assets		1,229,239,653	1,026,898,436
EQUITY			
Retained surplus		1,228,818,075	1,026,567,005
LIABILITIES			
Current liabilities			
Accrued expenses		421,578	331,431
Total liabilities		421,578	331,431
Total equity and liabilities		1,229,239,653	1,026,898,436

Approved and authorised for issue by the Council Members on 14 April 2015.

) Council Members

The notes on pages 9 to 17 are an integral part of these financial statements.

EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Total retained surplus:	HK$
Balance at 1 January 2013	876,521,280
Total comprehensive surplus for the year	150,045,725
Balance at 31 December 2013 and 1 January 2014	1,026,567,005
Total comprehensive surplus for the year	202,251,070
Balance at 31 December 2014	1,228,818,075

The notes on pages 9 to 17 are an integral part of these financial statements.

EMPLOYEES COMPENSATION INSURER INSOLVENCY BUREAU

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$	2013 HK$
Operating activities			
Total comprehensive surplus for the year		202,251,070	150,045,725
Adjustments for:			
- Investment expenses		2,959,663	2,491,533
- Interest income on deposits		(105)	(108)
- Other investment income		(3,433,808)	(2,938,993)
- Net realised and unrealised gains on financial assets		(69,839,324)	(17,499,986)
Operating surplus before changes in working capital		131,937,496	132,098,171
Decrease / (Increase) in contributions and other receivables		2,659,306	(6,159,994)
Increase / (Decrease) in accrued expenses		90,147	(31,388)
Decrease in provision for outstanding claims		-	(30,000)
Net cash inflow from operating activities		134,686,949	125,876,789
Investing activities			
Purchases of financial assets (net)		(138,117,186)	(138,319,633)
Dividend and other investment income received		3,433,808	2,938,993
Interest received on deposits		105	108
Net cash outflow from investing activities		(134,683,273)	(135,380,532)
Net increase / (decrease) in cash and cash equivalents		3,676	(9,503,743)
Cash and cash equivalents at 1 January		311,968	9,815,711
Cash and cash equivalents at 31 December	8	315,644	311,968

The notes on pages 9 to 17 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Legal status

Employees Compensation Insurer Insolvency Bureau (the "Bureau") is a company limited by guarantee and was incorporated under the Hong Kong Companies Ordinance on 18 February 2003. The address of its registered office is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Under the provision of the Bureau's Memorandum of Association, every member shall, in the event of the Bureau being wound up, contribute such amount as may be required to meet the liabilities of the Bureau but not exceeding HK$100 per member. The assets of the Bureau shall be applied solely towards the promotion of the objects of the Bureau as set out in the Bureau's Memorandum of Association and no part thereof shall be distributed to the members of the Bureau. All insurers authorised by law to carry on employees' compensation insurance business in Hong Kong are required to become members of the Bureau.

The Bureau was set up by the insurance industry to give effect to an agreement entered into on 21 February 2003 between the Government of the Hong Kong Special Administrative Region (the "Government") and the Bureau (the "Insolvency Fund Agreement").

In accordance with the Insolvency Fund Agreement, the Government and the Bureau have agreed to establish the Employees Compensation Insurer Insolvency Scheme to assume responsibility for the liabilities of insurers engaging in employee compensation business that become insolvent on or after 1 April 2004.

2 Principal accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard (HKFRS). They have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in section 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

2 Principal accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Bureau

Amendment to HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The adoption of HKAS 32 did not have a significant effect on the Bureau financial statements.

Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Bureau has applied the amendment and there has been no significant impact on the Bureau's financial statements as a result.

There are several other new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2014. However, they do not have significant impacts on the Bureau's financial statements and have therefore not been analyzed in detail.

(ii) New standards and interpretations not yet adopted by the Bureau.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bureau except the following set out below:

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling.

2 Principal accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted by the Bureau (continued)

There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Bureau is yet to assess HKFRS 9's full impact.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Bureau is assessing the impact of HKFRS15.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Bureau.

(iii) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Bureau's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Bureau is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to significant and only the presentation and the disclosure of information in the financial statements will be affected.

2 Principal accounting policies (continued)

(b) Revenue recognition

(i) Members' contributions

Members' contributions received and receivable are recognised based on gross employees' compensation insurance premiums received and receivable by members from their policyholders.

(ii) Other investment income and interest income on deposits

Other investment income is recognised when the right to receive rebate of investment management expense from the investment manager. Interest income from bank deposits and debt securities is accrued on a time-apportioned basis on the principal outstanding and at the rates applicable.

(c) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Bureau defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. The Bureau believes that the facilities described in note 1 above meet the definition of insurance contracts.

Claims are charged to income as incurred based on the estimated liability for compensation owed to policyholders. They include claims settlement costs arising from events that have occurred up to the financial reporting date even if they have not yet been reported to the Bureau. The Bureau does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Bureau and statistical analyses for the claims incurred but not reported.

(d) Financial assets

Financial assets at fair value through profit or loss are classified in this category if they are acquired principally for trading. Assets in this category are classified as current assets.

Regular way purchases and sales of investments are recognized on trade-date – the date on which the Bureau commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the right to receive cash flows from the investments have expired or have been transferred and the Bureau has transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Bureau's right to receive payments is established.

The fair values of quoted investments are based on current bid prices.

2 Principal accounting policies (continued)

(e) Translation of foreign currencies

The financial statements are presented in Hong Kong dollars, which is the Bureau's functional currency and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(f) Cash and cash equivalents

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

3 Management of insurance and financial risk

3.1.1 Financial risk factors

The Bureau is exposed to financial risk through its financial assets. In particular, the key financial risk is from unanticipated volatility of return and other financial market driven events that can change the risk profile of the funds. The most important components of this financial risk are interest rate risk, credit risk, currency risk and price risk.

(a) Interest rate risk

The investment portfolio of the Bureau as at 31 December 2014 comprises listed bond funds of approximately HK$1,040 million (2013: HK$733 million). Interest rate movements can have a material impact on the carrying values of these bond funds.

By investing in the bond funds managed by the investment managers, the Bureau manages its interest rate risk by allowing the investment managers to use certain derivatives to hedge the interest rate risk exposure associated with underlying debt securities of the bond funds where appropriate. The Bureau did not have any derivative transactions in 2014 and 2013.

(b) Credit risk

The Bureau has exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The key areas where the Bureau is exposed to credit risk is counterparty risk with respect to investments in bond funds of HK$1,040 million (2013: HK$733 million).

The Bureau manages the level of credit risk it accepts by implementing a set of investment guidelines summarised as follows:

3 Management of insurance and financial risk (continued)

(b) Credit risk (continued)

No more than 5% of the investment portfolio is held in any one security or with one single issuer, other than a fund or a security representing a collective investment of other securities. No more than 10% of the investment portfolio is invested in the obligations of a single issuer except for sovereign or supranational borrowers with an AAA rating by Standard & Poor's or equivalent. There are no restrictions on investing in government bonds issued by the United States, Japan, the Republic of Germany, the United Kingdom, Canada, the Republic of France, the Republic of Italy, the Kingdom of Spain and the Netherlands.

Investments in bond securities have a minimum rating of BBB- as measured by Standard & Poor's or equivalent. The total allocation to BB rated bonds as measured by Standard & Poor's or equivalent of the Portfolio cannot exceed two times the benchmark weighting. Short term investments are maintained at a rating of A1 or above as measured by Standard & Poor's or P1 as measured by Moody's. The overall credit rating for the bond fund portfolios are maintained at A+ or above as measured by Standard & Poor's or equivalent at all times.

As of 31 December 2014, credit risks of the Bureau's Global Bond portfolio were diversified across various countries and sectors with higher exposure to higher graded countries such as the United States and Japan. The percentage contributions of duration by issuer to the United States and Japan account for 48% of the portfolio. Peripheral European countries such as Italy, Spain, Greece and Portugal were around 25% of the portfolio.

The Bureau has no significant concentrations of credit risk.

(c) Price risk

The Bureau is exposed to equity securities price risk. The Bureau manages its price risk by limiting its exposure to equity securities to 20% of the investment portfolio. A 10% increase in the market values of the equity securities would result in a gain of approximately HK$13 million in 2014 (2013: HK$21 million).

(d) Currency risk

The Bureau's exposures to foreign exchange risk arise primarily from purchased financial assets that are denominated in currencies other than Hong Kong dollars. As at 31 December 2014, the Bureau did not have significant exposures to foreign exchange risk, as all the financial assets held by the Bureau were either denominated in Hong Kong dollars or US dollars (against which Hong Kong dollars are pegged).

3.1.2 Fair value estimation

HKFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the market assumptions. These two types of inputs have created the following fair value hierarchy:

3 Management of insurance and financial risk (continued)

3.1.2 Fair value estimation (continued)

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and unit trusts.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables present the Bureau's assets that are measured at fair value.

As at 31 December 2014:

	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total balance HK$
Financial assets (note 6)	1,200,118,532	-	-	1,200,118,532
Total assets	1,200,118,532	-	-	1,200,118,532

As at 31 December 2013:

	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total balance HK$
Financial assets (note 6)	995,121,685	-	-	995,121,685
Total assets	995,121,685	-	-	995,121,685

3.2 Insurance risk and capital risk management

Capital comprises all components of equity as shown in the statement of financial position. The principal insurance and capital risk that the Bureau faces is that the assets of the Bureau are not adequate to discharge its obligations under the terms of the fund agreement. This may arise if the actual claims exceed the carrying amount of the assets available.

The Bureau manages the above risks by (i) reviewing the percentage rate of the contributions not less than annually and (ii) entering into reinsurance agreements, where appropriate.

4 Remuneration of Council Members of the Bureau

In accordance with the Bureau's Memorandum and Articles of Association, the Council Members of the Bureau are not entitled to any remuneration or compensation for services rendered to the Bureau. Accordingly, none of the Council Members of the Bureau received or was due any remuneration during the year.

5 Taxation

The Bureau is exempt under Section 87 of the Hong Kong Inland Revenue Ordinance from payment of any tax chargeable under the Ordinance.

6 Financial assets at fair value through profit or loss

	2014 HK$	2013 HK$
Mutual funds registered in Hong Kong		
- Listed bonds	433,569,681	238,300,705
- Listed equities	130,664,835	208,763,433
- Cash deposits	29,696,554	53,567,595
Bond funds registered outside Hong Kong		
- Listed bonds	606,186,627	494,489,117
Cash deposits with custodian (Note 8)	835	835
	1,200,118,532	995,121,685

The Bureau had investments in the following investment funds. These investment funds manage assets on behalf of third party investors. These funds are financed through the issue of units/shares to investors.

	Fair value	
	2014 HK$	2013 HK$
Investment Funds, at market value:		
Schroder Stable Growth Fund	296,912,391	251,156,210
Schroder Capital Stable Fund	297,018,679	249,475,523
PIMCO Global Bond Fund	606,186,627	494,489,117
	1,200,117,697	995,120,850

The above investments at 31 December 2014 were classified as financial assets at fair value through profit and loss.

These investments include 11,033,534 units of Schroder Stable Growth Funds (2013: 9,772,615 units), 12,819,106 units of Schroder Capital Stable Fund (2013: 11,197,286 units) and 2,838,370 units of PIMCO Global Bond Fund (2013: 2,523,711 units)

The maximum exposure to loss is HK$1,200,117,697 which represents the fair value of the investments in investment funds.

The size of the Schroder Stable Growth Funds ranges from HK$5,062 million to HK$6,139 million, the size of the Schroder Capital Stable Funds ranges from HK$2,273 million to HK$2,417 million and the size of the PIMCO Global Bond Funds ranges from US$7,574 million to US$8,379 million. During the year, the Bureau did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

7 Contributions and other receivables

The fair values of the receivables are estimated to be approximately equal to the carrying amounts of these balances.

There is no concentration of credit risk with respect to these receivables.

8 Cash and cash equivalents

	2014 HK$	2013 HK$
Bank balances and cash	314,809	311,133
Cash deposits with maturity less than three months	835	835
Cash and cash equivalents	315,644	311,968

9 Provision for outstanding claims

Under the Insolvency Fund Agreement, the Bureau is liable for the settlement of certain judgements that remained unsettled as a result of the insolvency of Anglo Starlite Insurance Company Limited ("Anglo Starlite") in 2009. The Bureau did not have any claims liability in 2014 and 2013 for Anglo Starlite claims incurred but not reported to the Bureau.

10 Approval of financial statements

The financial statements were approved by the Council on 14 April 2015.