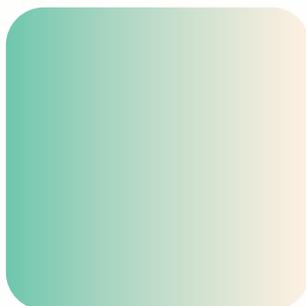
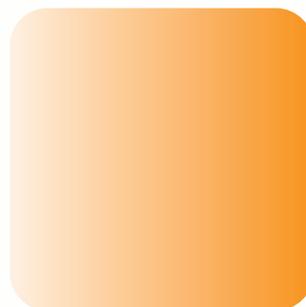
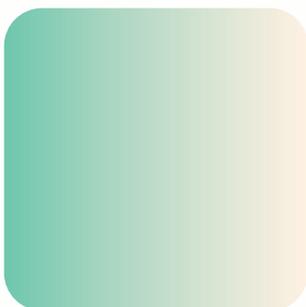
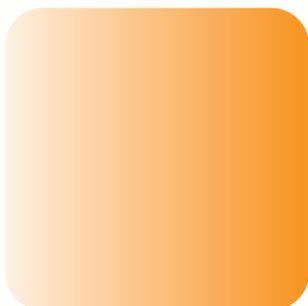


# DT CAPITAL



**DT CAPITAL LIMITED**  
**鼎立資本有限公司**

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 356



Annual Report  
**2015**

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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Leung King Yue, Alex  
Mr. Leong Chi Wai  
Mr. Lewis Chan

### Non-executive Directors

Ms. Chan Pui Kwan (*Chairman*)  
Mr. Ma Chun Fai

### Independent non-executive Directors

Mr. Kwok Ming Fai  
Mr. Lo Chi Ming  
Mr. Jochum Siebren Haakma

## Audit Committee

Mr. Kwok Ming Fai (*Chairman of Audit Committee*)  
Mr. Lo Chi Ming  
Mr. Jochum Siebren Haakma

## Remuneration Committee

Mr. Kwok Ming Fai  
(*Chairman of Remuneration Committee*)  
Mr. Leung King Yue, Alex  
Mr. Lo Chi Ming  
Mr. Jochum Siebren Haakma

## Nomination Committee

Mr. Lo Chi Ming (*Chairman of Nomination Committee*)  
Mr. Leung King Yue, Alex  
Mr. Kwok Ming Fai  
Mr. Jochum Siebren Haakma

## Company Secretary

Mr. Lee Tak Shing (Appointed on 26 May 2015)  
Ms. Chiu Fung Chi, Dores (Resigned on 13 May 2015)

## Authorized Representatives

Mr. Ma Chun Fai  
Mr. Lee Tak Shing (Appointed on 2 June 2015)  
Ms. Chan Pui Kwan (Appointed on 13 May 2015 and  
resigned on 2 June 2015)  
Ms. Chiu Fung Chi, Dores (Resigned on 13 May 2015)

## Auditors

Li, Tang, Chen & Co.

## Legal Advisor

Michael Li & Co.

## Investment Manager

Hua Yu Investment Management Limited

## Principal Bankers

DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Luso International Banking Limited

## Registered Office

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Head Office and Principal Place of Business

Unit D, 6 Floor, Eton Building  
288 Des Voeux Road Central  
Hong Kong

## Principal Registrar

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road  
George Town  
Grand Cayman KY1-1110  
Cayman Islands

## Hong Kong Branch Share Registrar

Tricor Secretaries Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## Stock Code

Hong Kong Stock Exchange: 356

## Company Website Address

<http://www.dt-capitalhk.com>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

For the year ended 31 December 2015, DT Capital Limited (the “Company”) and its subsidiaries (the “Group”) recorded profit attributable to equity holders of approximately HK\$1.6 million (2014: loss of HK\$3.7 million). The earnings per share was HK\$0.0008 (2014: the loss per share was HK\$0.004). The profit in 2015 was mainly due to an increase in the interest income of approximately HK\$6 million. In addition, there were no interest expenses in 2015, as opposed to the previous year’s interest expenses of approximately HK\$0.4 million. Increased turnover in 2015 was mainly due to the early redemption of a corporate bond investment of HK\$30 million and disposal of listed equity of approximately HK\$10 million.

Having adopted the advice from Hua Yu Investment Management Limited (“Hua Yu”), the Company’s investment manager, the Group has successfully completed 6 investment plans. These included corporate bonds, corporate debentures, long-term equity investments and convertible bonds.

## Prospects

2015 was a year when the global economy slightly strengthened with a lot of divergences. The global economy is still struggling to gain momentum while the emerging markets have had a difficult year with the China slowdown, and most developed economies continue to grapple with the global financial crisis. According to the International Monetary Fund (IMF)’s report in January 2016, the world economic growth disappointed again in 2015, slowing to 3.1%, and is expected to recover at a slower pace than previously envisioned. Meanwhile, growth is projected to reach 3.4% in 2016 and 3.6% in 2017.

Looking ahead at year 2016, we believe the global growth will continue to be challenging and uneven. The prospect of rising interest rates in the US and an economic slowdown in China are contributing to uncertainty and a higher risk of economic vulnerability worldwide. Moreover, growth in global trade has slowed down considerably, with raw material exporting economies suffering from declining prices. The financial sector in many countries still has weaknesses, and financial risks are arising in emerging markets.

Eurozone growth is expected to rise moderately in 2016, supported by low oil prices, weaker exchange rates, better domestic financial conditions and fiscal expansion. However, with the current Syrian refugee situation and the threat of a possible Brexit, the future of the Eurozone faces considerable uncertainty. As for Asia, the region shows slow economic growth. For many of the region’s countries, exports to China make up a significant portion of their GDP, from 12% for Malaysia, 6-8% for Singapore and Thailand, and as little as 3% for Indonesia. With China’s slowing economy and weakened demand for exports, countries most dependent on exports to China will suffer the most, and the region will likely experience a dampening effect on overall economic growth.

China’s economy has inevitably slowed down after more than a decade of double-digit growth. Its GDP officially expanded by 6.9% in 2015, the slowest pace for 25 years. Growth in China is expected to slow to 6.3% in 2016 and 6.0% in 2017, according to the IMF’s forecast in January 2016, primarily reflecting weaker investment growth as the economy continues to rebalance. As one of the biggest commodities consumers, China’s woes are being felt in other economies and also weighing on oil prices.

Looking back, we have seen big swings on China and Hong Kong stock markets. The CSI 300 index of the largest listed companies in Shanghai and Shenzhen is down 42% since a peak in June 2015. Hong Kong HSI Index lost 5,529 points or 22.25% during the last 12 months from 24,850 points in January of 2015. Management always believes the key to the success is in managing risk successfully. In 2016, we will focus more on the consumer and service sectors than the industrial sector, as the former two are supported by China’s government while the latter still faces the overcapacity and restructuring challenges. We will continue to be cautious yet creative in our investment strategy and portfolio management.

Apart from trading securities, Hua Yu together with the management will continue to look with caution for other favourable investment opportunities with potential of asset appreciation as well as sustainable income stream across various sectors and regions to increase shareholder's return.

## Financial Review

### Financial Resources and Liquidity

As at 31 December 2015, the total equity of the Group amounted to approximately HK\$151.36 million (31 December 2014: HK\$149.77 million).

As disclosed in the clarification announcement of the Company dated 19 August 2015, the net proceeds from the Subscription and the Open Offer were intended to be used for (i) as to approximately HK\$39.90 million to settle liabilities of the Company; (ii) as to approximately HK\$83.30 million to be invested in listed companies and fixed income instruments and (iii) as to approximately HK\$55.50 million to be invested in private equities. As at 31 December 2015, the net proceeds from the Subscription and the Open Offer in 2014 were used approximately (i) HK\$35 million has been used for settlement of liabilities of the Company; (ii) HK\$50.93 million has been used for investment in corporate bonds, corporate debentures, long-term equity investments and convertible bonds; (iii) HK\$24.08 million has been used for investment in Hong Kong listed shares. The balance of the net proceeds would be used as intended.

As at 31 December 2015, the Group maintained a strong cash position and held short-term bank deposits, bank balances and cash amounting to HK\$69.29 million (31 December 2014: HK\$113.85 million).

The Group had net financial asset investments and interest in associate approximately in total of HK\$76.24 million as at 31 December 2015 (31 December 2014: HK\$36.51 million)

### Gearing Ratio

The Group's total borrowings comprising the accounts payable and accruals, amounted to HK\$1.21 million as at 31 December 2015 (31 December 2014: HK\$1.92 million comprising other payables, accruals and amount due to a director).

The Group's gearing ratio calculated on the basis of total borrowings over the shareholders' equity of the Company was approximately 0.8% as at 31 December 2015 (31 December 2014: 1.28%).

### Final Dividend

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2015 (2014: Nil).

### Capital Structure

The authorised share capital of the Company has been increased from HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 Shares of HK\$0.01, which has been approved by the annual general meeting held on 19 June 2015.

### Capital Commitment and Contingent Liabilities

As at 31 December 2015, the Group has capital commitment of approximately HK\$4.2 million for long term equity investment and no contingent liabilities (2014: Nil).

### Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's assets and liabilities are majority denominated in Hong Kong dollars. Exposure to foreign currency exchange rates arises out of the Group's oversea investment, Thai baht. The Group at present does not have any contracts to hedge against its foreign exchange risks.

### Share Options

The Company does not have share option scheme.

### Employees and Remuneration Policies

As at 31 December 2015, the Group employed a total of 5 employees (2014: 5) including the executive directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

### Appreciation

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution in 2015 and would like to give my sincere gratitude to the shareholders for their continual support.

By Order of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 21 March 2016

## BIOGRAPHICAL DETAILS OF DIRECTORS

### Executive Directors

#### **Mr. Leung King Yue, Alex (“Mr. Leung”)**

Mr. Leung, aged 38, has 16 years of experience in financial services sector including three years investment banking experience and eleven years of experience in private equity investment and asset management. Mr. Leung is a Responsible Officer of one asset management company, namely JK Capital Management Limited (formerly known as MYM Capital Limited).

Mr. Leung was an Independent Non-Executive Director of First Natural Foods Holdings Limited, subsequently renamed as Imperial Pacific International Holdings Limited, (stock code: 1076) from December 2008 to November 2013, a company listed on the Main Board of the Stock Exchange. He was an Independent Non-Executive Director of China Kingstone Mining Holdings Limited from 14 July 2015 to 16 July 2015 (Stock code: 1380).

Mr. Leung graduated from University of Melbourne in Australia in 1999 with a bachelor degree in Commerce specializing in Economics and Finance. He has been a Chartered Financial Analyst since 2003. Mr. Leung is licensed under the SFO as a Responsible Officer to carry out Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities.

#### **Mr. Leong Chi Wai (“Mr. Leong”)**

Mr. Leong, aged 40, has over 18 years of experience in corporate finance, asset management, direct investments and property investments and developments. He is also licensed under the Estate Agents Authority. Mr. Leong is a director and Responsible Officer of Hua Yu Investment Management Limited, the investment manager of the Company since March 2009 to present.

Mr. Leong graduated from the University of Hong Kong with a Bachelor degree in Business Administration (Accounting and Finance). He is licensed under the SFO to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) as a representative since 2003 and as a Responsible Officer since May 2008 to present. He was also licensed to carry out Type 1 (Dealing in Securities) from May 2008 to February 2010. He was an Independent Non-Executive Director of China Kingstone Mining Holdings Limited from 14 July 2015 to 16 July 2015 (Stock code: 1380).

#### **Mr. Lewis Chan (“Mr. Chan”)**

Mr. Chan, aged 45, has over 16 years of experience in asset management and investment research. He is the Managing Partner at MaunaKai Capital Partners (Hong Kong) Limited since 2004. Mr. Chan is also a co-founder of Symbior Energy, an alternative energy incubation company. He is currently a non-executive director at Hong Kong listed company D&G Technology Holding Company Limited (Stock code: 1301). Mr. Chan was formerly assistant professor of finance during 2000 to 2004 and adjunct associate professor of finance from 2004 to 2006 at Hong Kong University of Science and Technology. He was also an advisor during 2009 to 2013 to North Yard Economics, a non-profit consultancy to developing countries.

Mr. Chan was a winner of the Fama-DFA Prize of the Best Papers published in 2003 in the Journal of Financial Economics. He is a research fellow at The China Center for Financial Research at Tsinghua University, and a member of the Admissions, Budgets and Allocations Committee, the Community Chest of Hong Kong. Mr. Chan received his Ph.D. in Economics from Harvard University, a Master degree in economics from Columbia University and a Bachelor of Arts degree in economics from the University of Chicago. He is licensed under the SFO as responsible officer to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

## Non-executive Directors

### **Ms. Chan Pui Kwan (“Ms. Chan”)**

Ms. Chan, aged 49, started her career as a corporate banker and had over 10 years of experience. She had worked in several prominent European banks, including Rabobank, ABN AMRO, Fortis and established the European desk for these banks to provide support to European companies expanding into China.

In 2002, Ms. Chan started her own company SINOVA to provide advice & support to investors for both inbound and outbound investments. The company employs over 40 professionals with offices in three countries. In 2010, Dutch based financial group ANT acquired SINOVA and Ms. Chan remained as Chief Executive Officer of SINOVA till September 2012.

She is the founder and Chief Executive Officer of Delta-Think (HK) Ltd, which provides business strategy advisory advices to corporations for business expansion in public and private sectors.

Ms. Chan received numerous awards in China, Hong Kong and the Netherlands. In 2006, her owned company “SINOVA Management Consultancy Limited” was awarded “Hong Kong Shooting Star 2006” in the Cathay Pacific China Trade Awards in the Netherlands. In 2009, she was awarded “China Economic Development Forum Outstanding Person” from China Economic Development Forum (“CEDF”) (“中國新經濟發展傑出人物”). In the same year, she was also selected as one of “China’s 100 Outstanding Female Entrepreneurs” (中國百名傑出女企業家) by the China Association of Women Entrepreneurs. In 2010, she was awarded “China’s Economy Industry Promotion Person of the Year Award” (“2010中國經濟優秀人物”) from Xinhua Economic Information Daily of Xinhua News Agency and China International Center for Economic and Technical Exchanges of Ministry of Commerce of the PRC.

Ms. Chan has been active in the community services and holds advisory positions in various institutions, including the Hong Kong General Chamber of Commerce, Dutch Chamber of Commerce in Hong Kong, the Shenzhen Association of Trade in Service and the Economic Development Board of Rotterdam in the Netherlands.

Ms. Chan graduated from Rotterdam Business School with a bachelor degree in banking and insurance in 1991. She is licensed under the SFO as a representative of Hua Yu Investment Management Limited to carry out Type 9 (Asset Management) regulated activities since 2015.

### **Mr. Ma Chun Fai (“Mr. Ma”)**

Mr. Ma, aged 45, has over 14 years of experience in private equity investment, mainly in real estate and hospitality sectors. He was involved in a number of investment projects in Hong Kong, China and South East Asian regions, including (i) a bio-tech project that involves co-investment with another listed company in Hong Kong; (ii) an advanced IT platform company in Singapore; and (iii) real estate projects in China and Indonesia.

Mr. Ma graduated with a BSc (Hons) degree in Management Sciences from the London School of Economics and Political Science in UK.

He is licensed under the SFO as a representative of Hua Yu Investment Management Limited to carry out Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities since 2015.

## Independent Non-executive Directors

### **Mr. Lo Chi Ming (“Mr. Lo”)**

Mr. Lo, aged 51, is a solicitor of the High Court of Hong Kong with over 20 years of experience in private practice. Mr. Lo is currently a consultant at Messers Wat & Co., Solicitors and possessed 6 years of experience in the banking sector and was elected as an Associate of the Chartered Institute of Bankers.

Mr. Lo was an independent non-executive director of China Investment and Finance Group Limited from October 2010 to April 2014, a company listed on the Main Board of the Stock Exchange (Stock code: 1226).

Mr. Lo holds a Bachelor of Social Sciences degree and Postgraduate Certificate in Laws from the University of Hong Kong and a diploma in Chinese Laws from the SouthWest University of Political Science & Law in the PRC.

### **Mr. Jochum Siebren Haakma (“Mr. Haakma”)**

Mr. Haakma, aged 66, is the Global Executive Director of Business Development of the TMF Group BV in Amsterdam since 2007; TMF Group BV is a provider of high-end administrative outsourcing services to international companies worldwide with more than 130 wholly owned offices in over 85 countries. He was appointed Director of the Netherlands Foreign Investment Agency (NFIA) within the Ministry of Economic Affairs in The Hague in 2006. NFIA is responsible for attracting foreign direct investments to the Netherlands. In 2002, He was appointed Consul General of the Kingdom of the Netherlands in Shanghai, also responsible for Jiangsu, Zhejiang and Anhui Provinces and was a member of the Advisory Board of the Benelux Business Association and founder of the prestigious CEO Lunch Club consisting of the CEO’s in China of the Dutch listed companies in the Netherlands.

From 1997 until 2002, Mr. Haakma was the Consul General of the Kingdom of the Netherlands in Hong Kong and Macau and the Chairman of the Advisory Board of the Dutch Business Association in Hong Kong. In 1993, he was the Managing Director of the Centre for the Promotion of Imports from Developing Countries in Rotterdam, which is an agency under the Ministry of Foreign Affairs of the Netherlands. In 1989, he became the Director of the Indonesian Netherlands Association, he was appointed as representative of the Port and City of Rotterdam and the President of the Indonesian Forum of national and bilateral Chambers of Commerce.

Mr. Haakma was appointed as Commercial Counsellor and Head of the Economic Section at the Royal Netherlands Embassy in Jakarta in 1986. He has also worked in embassies in Rome, Lusaka and Bonn. Mr. Haakma is currently an advisory board member of the Cathay Pacific China Trade Award and numerous institutions and organisations with a Far East link. He has been appointed in April 2008 to Chairman of the Board of The Netherlands Council for Trade Promotion (NCH), Chairman of the China Business Council of the NCH and from June 2008 until 2014 to Chairman of The China Working Group of the Holland Financial Centre. Furthermore, he is also member of the International Steering Committee of Nyenrode University, Board Member of Enactus and is the former Chief Advisor Public Affairs European Region for Huawei Technologies Co., Ltd., one of the biggest telecom infrastructure suppliers in the world.

Mr. Haakma holds a law degree from the University of Utrecht in the Netherlands. He received an honorary Doctorate Degree of the European University in Barcelona in Spain.

Mr Haakma was also appointed Vice Chairman of AMCHAM in the Netherlands from 2014.

## BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

### **Mr. Kwok Ming Fai (“Mr. Kwok”)**

Mr. Kwok, aged 51, possesses over 18 years of experience in banking, finance and accounting and held executive positions at several international financial institutions, accounting firm and listed companies. Mr. Kwok obtained a Bachelor Degree in Accounting & Economics from the University of Sheffield in the United Kingdom and a Master Degree in Business Administration from the University of Adelaide in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok is currently an Executive Director of Zhongda International Holdings Limited (stock code: 909). Mr. Kwok was also an Independent Non-Executive Director of Winshine Entertainment & Media Holding Company Limited (formerly known as China Tycoon Beverage Holdings Limited) (stock code: 209) from October 2009 to November 2014.

Mr. Kwok was appointed as an Independent Non-Executive Director of the Company on 4 September 2007.

## REPORT OF THE DIRECTORS

The board of directors (the “Board”) has pleasure in presenting their report and the audited financial statements for the year ended 31 December 2015.

### Principal Activities and Business Review

The principal activities of the Company and its subsidiaries during the year are investment holding. Discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance are set out on pages 3 to 5. This discussion forms part of the report of directors.

### Segmental Information

The Group’s turnover and contribution to operating results were all derived from investments in listed and unlisted companies in Hong Kong.

### Property, Plant and Equipment

Details of the movements during the year in the property, plant and equipment are set out in note 16 to the financial statements.

### Subsidiaries

Details of the Company’s subsidiaries at 31 December 2015 are set out in note 17 to the financial statements.

### Share Option

The Company does not have a share option scheme.

### Directors’ Remuneration

The Directors’ fees are subject to shareholders’ approval at general meetings. Other emoluments are determined by the Board with reference to Directors’ duties, responsibilities and performance and the results of the Group. In addition, the Directors’ remuneration is reviewed by the Remuneration Committee annually.

### Results and Appropriations

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 32.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015. No interim dividend was declared during the year.

### Share Capital

Details of the movements in the Company’s share capital during the year are set out in note 25 to the financial statements.

## Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below. This summary does not form part of the audited financial statements.

### Results

	<b>1/1/2015 - 31/12/2015</b>	1/1/2014 - 31/12/2014	1/1/2013 - 31/12/2013	1/1/2012 - 31/12/2012	1/1/2011 - 31/12/2011
	<b>HK\$</b>	HK\$	HK\$	HK\$	HK\$
Turnover	<b>41,095,485</b>	182,016	182,016	190,960	132,120
Profit/(Loss) before taxation	<b>1,582,664</b>	(3,742,514)	(6,664,875)	(3,927,748)	(4,971,164)
Taxation	—	—	—	—	—
Net profit/(loss) attributable to shareholders	<b>1,582,664</b>	(3,742,514)	(6,664,875)	(3,927,748)	(4,971,164)

### Assets and Liabilities

	<b>31/12/2015</b>	31/12/2014	31/12/2013	31/12/2012	31/12/2011
	<b>HK\$</b>	HK\$	HK\$	HK\$	HK\$
Total assets	<b>152,569,248</b>	151,696,530	5,463,926	5,642,808	6,530,401
Total liabilities	<b>(1,211,692)</b>	(1,921,638)	(33,916,009)	(27,430,016)	(24,389,861)
Net assets/(liabilities)	<b>151,357,556</b>	149,774,892	(28,452,083)	(21,787,208)	(17,859,460)

### Reserves

Movements in the reserves of the Group and the Company during the year are set out in notes 26 and 32 to the financial statements.

The Company's reserves available for distribution represent the share premium and retained profits under the Companies Law of the Cayman Islands. The share premium of the Company is available for paying dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can be distributed out of the share premium and retained profits of the Company which in aggregate amounted to approximately HK\$137,891,000 (2014: HK\$130,887,000) as at 31 December 2015.

## Major Customers and Suppliers

A substantial portion of the Group's income is derived from the Group's investments and the disclosure of information regarding customers would not be meaningful. The Group has no major suppliers requiring disclosure.

## Purchase, Sale or Redemption of the Company's Listed Shares

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2015.

## Directors

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

### Executive Directors

Mr. Leung King Yue, Alex  
Mr. Leong Chi Wai  
Mr. Lewis Chan

### Non-executive Directors

Ms. Chan Pui Kwan (*Chairman*)  
Mr. Ma Chun Fai

### Independent Non-executive Directors

Mr. Kwok Ming Fai  
Mr. Lo Chi Ming  
Mr. Jochum Siebren Haakma

In accordance with Article 88 of the Company's Articles of Association, Mr. Leung King Yue, Alex, Mr. Lo Chi Ming and Mr. Ma Chun Fai shall retire by rotation from office and, being eligible, offer themselves for re-election. All other directors continue in office.

The term of office of each of the non-executive directors and independent non-executive directors lasts until his/her retirement by rotation once every three years in accordance with the Company's Articles of Association.

The Company received confirmation of independence in respect of the year ended 31 December 2015 from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Up to and as at the date of this report, the Company still considers the independent non-executive directors to be independent.

## Directors' Service Contracts

None of the directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

## Permitted Indemnity Provision

During the year, the Company has arranged directors' and officers' liabilities insurance cover to indemnify the Directors against claims, costs, charges and expenses arising out of the Group's business and activities.

### Directors' Interests in Transaction, Arrangement or Contract

In the opinion of the Board, save as disclosed below, there were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2015, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

#### Long position in shares of the Company

Name of director	Number of shares				Total	Percentage of issued share capital
	Personal interests	Family interests (interest of spouse)	Corporate interests	Other interests (interest in controlled corporation)		
Leung King Yue, Alex (Note 1)	—	—	960,500,000	—	960,500,000	50.56%
Chan Pui Kwan (Note 2)	—	—	—	254,500,000 (Note 2)	254,500,000	13.40%
Ma Chun Fai (Note 3)	—	254,500,000 (Note 3)	—	—	254,500,000	13.40%

Note:

- As at 31 December 2015, Mr. Leung King Yue, Alex, through his 100% equity interest in Hugo Lucky Limited held 960,500,000 shares of the Company, representing approximately 50.56% of the entire issued share capital of the Company. Mr. Leung King Yue, Alex was appointed as Director with effect from 7 July 2014.

## REPORT OF THE DIRECTORS (CONTINUED)

2. Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan and 30% by Wu Weihong, Tony.

As at 31 December 2015, Ms. Chan Pui Kwan, is interested in 70% of the share capital of Fame Image Limited, which then owned 50% of the share capital of Sharp Years Limited. Accordingly, she is deemed to be interested in 254,500,000 shares of the Company, representing approximately 13.40% of the entire issued share capital of the Company. Ms. Chan Pui Kwan was appointed as Director with effect from 7 July 2014.

3. Long Surplus International Limited is beneficially and ultimately owned as 66.67% by Ms. Ho Hoi Yee, Wisery and 33.33% by Ms. Lai Tsui Har.

As at 31 December 2015, Ms. Ho Hoi Yee, Wisery, the spouse of Mr. Ma Chun Fai, is interested in 254,500,000 shares through her interest in 66.67% of the share capital of Long Surplus International Limited and which in turn owned 50% of the share capital of Sharp Years Limited. Accordingly, Mr. Ma Chun Fai is also deemed to be interested in 254,500,000 Shares of the Company, representing approximately 13.40% of the entire issued share capital of the Company.

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors or chief executives of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, none of the directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholder's Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2015, the following persons or corporations, other than the interest disclosed above in respect of the directors, interested in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

### Long positions in shares of the Company

Name of shareholders	Number of issued ordinary shares held	Approximate percentage of total issued ordinary shares
Hugo Lucky Limited (Note 1)	960,500,000	50.56%
Sharp Years Limited (Note 2)	254,500,000	13.40%
Long Surplus International Limited (Note 2)	254,500,000	13.40%
Fame Image Limited (Note 2)	254,500,000	13.40%
Ho Hoi Yee, Wisery (Note 2)	254,500,000	13.40%
Lai Tsui Har (Note 2)	254,500,000	13.40%
Wu Weihong, Tony (Note 2)	254,500,000	13.40%

Notes:

- Hugo Lucky Limited is wholly – owned by Mr. Leung King Yue, Alex, an executive Director.
- Sharp Years Limited is owned as to 50% by Long Surplus International Limited and 50% by Fame Image Limited respectively. Long Surplus International Limited is beneficially and ultimately owned as to 66.67% by Ms. Ho Hoi Yee, Wisery and 33.33% by Ms. Lai Tsui Har. Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan, a non-executive Director and 30% by Mr. Wu Weihong, Tony.

Save as disclosed above, as at 31 December 2015, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

### Directors' Interests in Competing Business

None of the Directors is interested in any business apart from the Group's interests, which competes or is likely to compete, either directly or indirectly with the Group's business.

## Connected Transactions and Continuing Connected Transactions

- a) The Company and Hua Yu Investment Management Limited, the investment manager in which a director of the Company, Mr. Leong Chi Wai, is also a director of the investment manager, had entered into an investment management agreement on 25 February 2013 for the term of one year from 1 March 2013 at a quarterly management fee of HK\$150,000. The investment management agreement was further renewed the service period for three months up to 31 May 2014. Pursuant to the investment management agreement, an investment management fee is payable at HK\$150,000 quarterly.

A new investment management agreement was entered into between the Company and the investment manager on 28 May 2014 for the service period of three years to 31 May 2017. Monthly investment management fee is payable quarterly at 1.5% of the Gross Net Asset Value (NAV) per annum, calculated as the arithmetical average of the published Gross NAV on the last day of each calendar month during each relevant year.

In addition to the above management fee, a performance fee is payable annually at 15% on the amount of audited consolidated NAV of the Company (calculated as at the end of each respective financial year) exceeding the High Watermark as at the financial year, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the Gross NAV.

The annual cap for the management fee and performance fee for the financial years ended/ending 31 December, 2015, 2016 and 2017 are HK\$10,000,000, HK\$12,500,000 and HK\$1,800,000 respectively (2014: HK\$3,050,000). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014. There was no performance fee paid for the financial year ended 31 December 2014.

- b) The Company entered corporate financial advisory agreement with the investment manager as referred to in (a) above on 28 May 2014 for corporate finance advisory service in relation to the compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited. The investment manager is entitled to a monthly fee of HK\$30,000 for its services pursuant to the corporate financial advisory agreement.

The annual cap for the corporate finance advisory fee for the financial years ended/ending 31 December 2015, 2016 and 2017 are HK\$360,000, HK\$360,000 and HK\$150,000 respectively (2014: HK\$210,000). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

- c) Pursuant to a custodian agreement dated 30 June 2009 between the Company and a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group.

The custodian is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

## REPORT OF THE DIRECTORS (CONTINUED)

- (d) As disclosed in note 27 on the financial statements and the purchase announcement made on 6 March 2015. The Company and Ms. Chan Pui Kwan (“Ms. Chan”) and Mr. Ma Chun Fai (“Mr. Ma”), both are non-executive directors of the Company, have entered into a Sale and Purchase Agreement (“the Agreement”) dated 6 March 2015 in relation to the acquisition of the share capital of US\$2 (equivalent to HK\$15.60) divided into 2 shares of US\$1 each and the loan of HK\$10,498,854 of Rainbow Ocean at a cash consideration of HK\$9,500,000.

Rainbow Ocean was 50% owned by Ms. Chan and 50% by Mr. Ma. Each of them is a substantial shareholder of the Company with indirect holding through Sharp Years Limited which holds 254,500,000 shares in the Company, representing approximately 13.40% of the issued share capital of the Company. Accordingly, they are connected persons of the Company and the acquisition constituted a connected transaction of the Company for the year ended 31 December 2015, but the transaction falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

As disclosed in note 18 on the financial statements, the principal activity of Rainbow Ocean is investment holding. Rainbow Ocean own 25% of the equity interest of Purple Link which holds 25% of the property project in Thailand. That is a residential and commercial condominium development project located in land plot number 69, 68 109, 121 and 351, Nong Prue Sub-district, Banglamung District, Chonburi Province, Thailand, targeted at international buyers and holiday home of Bangkok Thai families. The property units comprised 87 resort residential condominium units with a total gross area of 3,983 square meters.

The independent non-executive directors have reviewed the connected transactions and continuing connected transactions as disclosed above and have confirmed that the connected transactions and continuing connected transactions have been entered into:

- i) in the ordinary and usual course of business of the Group;
- ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the continuing connected transactions during the year as disclosed above and confirmed that these transactions:

- i) were approved by the Board;
- ii) where applicable, were in accordance with the pricing policies of the Company;
- iii) had been entered into in accordance with the relevant agreements governing the transactions; and
- iv) have not exceeded the caps stated in the relevant announcement.

## Management Contracts

Details of significant management contracts in relation to the Company's business are included in note 31 to the financial statements.

Save as disclosed above, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## Pre-emptive Rights

There are no provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders under the Company's Memorandum and Articles of Association and the Companies Laws of the Cayman Islands.

## Audit Committee

The Company has established an audit committee according to "A Guide for the Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee had also reviewed the annual results of the Group for the year ended 31 December 2015 in conjunction with the Company's external auditors.

## Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

## Relationships with Stakeholders

The Company recognizes that employees are our valuable assets. Thus our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

Our Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the Year, there was no material and significant dispute between our Group and its business partners or bank enterprises.

## Compliance with Laws and Regulations

The Company operates in Hong Kong and is governed by the regulatory requirements set by the Hong Kong Listing Rules, and other relevant laws and regulations in Hong Kong. Its compliance obligations are guided by comprehensive policies and procedures covering ethics, business conduct and anti-corruption.

The directors of the Company confirmed that the Company has complied with the regulatory requirements set by the Hong Kong Listing Rules and other relevant laws and regulations in Hong Kong.

## Environmental Policies and Performances

The Company has been working proactively towards reducing, re-using and recycling materials wherever possible. It will continue its efforts around reducing waste and recycling wherever possible, including using electronic documents and more energy efficient equipment.

### Principal Risks and Uncertainties

Major events affecting either economic or political stability could pose as risks and uncertainties for the Company. Economic events could include recessions that would have an impact on the Company's revenue, operating costs and profitability.

Political risk includes changes in the regulatory environment in which the Company operates.

The directors of the Company are continuously vigilant towards changes in general economic and political situations and constantly seeking to identify new and emerging risks at the earliest opportunity in order to mitigate risks and uncertainties.

### Events after the Reporting Period

Details of significant events after the reporting period of the Group are included in note 33 to the financial statements.

### Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

### Auditors

Messrs. Li, Tang, Chen & Co. acted as auditors of the Company for the years ended 31 December 2014 and 2015.

During the year of 2014, W.H. Tang & Partners CPA Limited resigned as auditors of the Company and Li, Tang Chen & Co. were appointed by the Board to fill in such casual vacancy. Save as disclosed, there has been no other changes of auditors in the past three years.

Messrs. Li, Tang, Chen & Co. retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 21 March 2016

# CORPORATE GOVERNANCE REPORT

The Board of directors of the Company (the “Board”) understands that sound corporate governance practices is fundamental to maintaining and promoting the confidence of shareholders of the Company (the “Shareholder”).

The Board is committed to maintaining and ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the “Group”) from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

## Corporate Governance Code Compliance

The Board has applied the principles and complied with the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) for the year ended 31 December 2015, save and except for the deviations of the following:

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend the general meeting and develop a balanced understanding of the views of shareholders. One independent non-executive director was unable to attend the annual general meeting (“AGM”) of the Company held on 19 June 2015 due to his other business engagements.

Apart from the above-mentioned deviations, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting those in the code provision. The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirement of the Listing Rules.

## Directors’ Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transaction by the directors (the “Model Code”). Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standards as set out in the Model Code during the year.

## Corporate Governance Principles and Practices

### **The Board**

The Board’s primary responsibilities are to formulate the Company’s long-term corporate strategy, to oversee the management of the Group, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board.

In addition, the Board has also established Board Committees and has delegated to these Board Committees various responsibilities set out in their terms of reference respectively.

### Board Composition

The Board currently comprises eight directors (“Directors”) in total, with three Executive Directors (“ED”), two Non-Executive Directors (“NEDs”) and three Independent Non-Executive Directors (“INEDs”). The composition of the Board during the year and up to the date of the report is set out as follows:

EDs:	Mr. Leung King Yue, Alex Mr. Lewis Chan Mr. Leong Chi Wai
NEDs:	Ms. Chan Pui Kwan ( <i>Chairman</i> ) Mr. Ma Chun Fai
INEDs:	Mr. Kwok Ming Fai Mr. Lo Chi Ming Mr. Jochum Siebren Haakma

The names and biographical details of each director are disclosed on pages 6 to 9 of this annual report. All Directors have confirmed that they have taken an active interest in the Company’s affairs and obtained a general understanding of its business.

### Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Ms. Chan Pui Kwan acted as the Chairman of the Board. The Company does not have the title of “Chief Executive” but instead, its duties are performed by the executive Directors.

The Chairman focus on overall corporate development and strategic direction of the Group and oversees the efficient functioning of the Board. The executive Directors are responsible for all daily management including planning and developing the Group’s strategy. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority. The Company shall ensure and facilitate each Director to take an active interest in the affairs of the Group so that each Director could make positive contribution to the Group.

### **Independent Non-Executive Directors**

The board spectrum of background of the INEDs is valuable on the diversified perspectives of the Board. The INEDs bring a wide range of business, legal and financial expertise, experiences and independent judgement to the Board.

During the year of 2015, the Board at all times met the requirements of Rule 3.10(1) and Rule 3.10(2) of the Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. In compliance with Rule 3.10A of the Listing Rules, INEDs represented at least one-third of the Board throughout the year ended 31 December 2015.

The Company has received a written annual confirmation from each INED of his independence pursuant to the requirements of Rule 3.13 of the Listing Rules, which confirmed to the Company that he has met the independence guidelines set out in the Listing Rules. The Company also considers that they are independent.

### **Board Diversity Policy**

The Company adopted a Board diversity policy which became effective in September 2013. The Company seeks to achieve board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on merits, and the selection of candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

### **Directors' Continuous Professional Development**

Each newly appointed Director receives an induction package from the Company's legal advisor on the first occasion of his/her appointment. This induction package is a comprehensive, formal and tailored induction the responsibilities and on-going obligations to be observed by a director pursuant to the Companies Ordinance, Listing Rules and Securities and Futures Ordinance.

During the year, all the Directors had received training/briefing which covered topics in Directors' duties and liabilities, continuing obligations of a listed company, corporate governance and compliance issues after their appointments. Besides, the Company will arrange and fund suitable training for Directors in order to develop and refresh their knowledge and skills.

## Function

The overall management of the Group's operation is vested in the Board. The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Board has to make decisions objectively in the interests of the Company and its Shareholders as a whole. The Board has established procedures to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Group are delegated to the senior management of the Group. The delegated functions and work tasks are periodically reviewed. Pursuant to the levels of authority approved by the Board, the senior management executes day-to-day operations unless the subject matter exceeds the authority granted by the Board or relates to any matters specifically reserved to the Board, they would seek approval from the Board.

## Board Meetings/General meetings

The Board meets regularly to discuss the investment strategy as well as operation and financial performance of the Group, and to review and approve the Group's annual and interim results and other ad hoc matters. Notice, agenda and Board papers of Board and committee meetings are served to all Directors prior to the meeting in accordance with the Company's Articles of Association and the CG Code requirement (except under emergency situation). Extraordinary and Annual General Meeting schedules and draft agenda are made available to the Directors in advance. Details of individual attendance of Directors at the meetings of the Board, Remuneration Committee, Audit Committee, Nomination Committee and Annual General Meeting are set out in the table below:

	Number of meetings attended/Number of meetings held				
	Board Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	Annual General Meeting
<b>Executive Directors</b>					
Mr. Leung King Yue, Alex	15/15	1/1		1/1	1/1
Mr. Lewis Chan	13/15				1/1
Mr. Leung Chi Wai	7/15				1/1
<b>Non-executive Directors</b>					
Ms. Chan Pui Kwan	13/15	1/1		1/1	1/1
Mr. Ma Chun Fai	14/15	1/1		1/1	1/1
<b>Independent non-executive Directors</b>					
Mr. Kwok Ming Fai	5/15	1/1	2/2	1/1	1/1
Mr. Lo Chi Ming	6/15	1/1	2/2	1/1	1/1
Mr. Jochum Siebren Haakma	1/15	0/1	1/2	0/1	0/1

### **Board Committees**

The Board has established (i) Remuneration Committee; (ii) Nomination Committee; and (iii) Audit Committee, with defined terms of reference. The terms of reference of the Board committees which explain their respective roles and the authority delegated to them by the Board are posted on the websites of The Hong Kong Exchange and Clearing Limited (“HKEx”) and the Company. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company’s expenses.

### **Remuneration Committee**

The current Remuneration Committee comprises of one executive director, Mr. Leung King Yue, Alex and three independent non-executive directors, Mr. Kwok Ming Fai and Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma. It is chaired by Mr. Kwok Ming Fai.

The Remuneration Committee has adopted the operation model where it performs to make recommendations to the Board on the Company’s policy and structure for all Director’s and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee’s responsibilities are to review and consider Company’s policy for remuneration of Directors and senior management, to determine remuneration packages of executive Directors including benefits in kind, pension rights and compensation payments, and to recommend to the Board remuneration of non-executive Directors and independent non-executive Directors.

Set out below is the summary of work of the Remuneration Committee done in 2015:

- to review and make recommendations to the Board on remuneration package for the EDs, NEDs and the INEDs;
- to explore the feasibility in setting up a share option scheme in the foreseeable future;
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

### **Audit Committee**

The current Audit Committee comprises of three independent non-executive Directors, namely, Mr. Kwok Ming Fai, Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma. It is chaired by Mr. Kwok Ming Fai. It reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal controls, to protect the interests of the Company's shareholders.

The major roles and functions of the Audit Committee of the Company are as follows:

- to review and monitor the integrity of the Group's financial statements, annual report and interim report, and to review significant financial reporting judgements contained therein;
- to review the Group's financial and accounting policies and practices;
- to review the financial controls, internal control and risk management systems;
- to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to report to the Board on the matters set out in the code provision relating to Audit Committee as set out in the CG Code; and
- to review the Company's policies and practices on corporate governance and training and continuous professional development of Directors and senior management.

### **Nomination Committee**

The current Nomination Committee comprises of one executive director and three independent non-executive Directors. They are Mr. Leung King Yue, Alex, Mr. Lo Chi Ming, Mr. Kwok Ming Fai and Mr. Jochum Siebren Haakma. The Nomination Committee is chaired by Mr. Lo Chi Ming.

The major roles and functions of the Nomination Committee of the Company are as follows:

- to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; and
- to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board.

### **Corporate Governance Function**

The Board is responsible for performing the corporate governance duties of the Company, including:

- i. to develop and review the Group's policies and practices on corporate governance;
- ii. to review and monitor the training and continuous professional development of the Directors and senior management;
- iii. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; and
- iv. to review the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

### **Responsibilities in Preparing the Financial Statements**

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2015.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independence Auditor's Report on pages 30 to 31.

## Internal Control and Risk Management

The Company places great importance on internal control and risk management.

The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss; to manage rather than completely eliminate the risk of system failure; and to assist in the achievement of the Group's agreed objectives and goals.

The Board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Company. These include strategic planning, political and regulatory, acquisitions, investments, expenditure control, treasury and environment.

During the year, the Company complied with the code provisions on internal controls as stipulated in the CG Code. The Board has conducted a review of the internal control system of the Group and considered that the internal control system of the Group has been implemented effectively. There has no significant areas of improvement which are required to be brought to the attention to the members of the Audit Committee are revealed.

The Audit Committee has reviewed the internal control system and discussed the assessment bases with the management, and concurred that the Company has set up an effective internal control system to safeguard the assets of the Group.

## Listing Rules Compliance

Throughout the year, the Group has fully complied with the Listing Rules requirements. Financial Reports, announcements and circulars have been prepared and published in accordance with the requirements of the Listing Rules.

## Auditor's Remuneration

Audit Committee of the Company reviews the terms of appointment of the external auditor each year. The review includes its independence, the scope of its audit, its audit fees, and the scope and professional fees for any non-audit services.

For the year ended 31 December 2015, services provided to the Company by its external auditor and the respective fees paid were:

	<b>2015</b> <i>HK\$</i>
Audit services	220,000
Non-audit services	14,520
	<hr/> 234,520

## Company Secretary

Mr. Lee Tak Shing (“Mr. Lee”) is the Company Secretary of the Company. Mr. Lee is appointed by the Board and is an employee of the Company. He has day-to-day knowledge of the Group’s affairs.

He coordinates and supplies of information to the Board and also ensures that board policy and procedures are followed for all board meetings. He is also responsible for advising the Board on corporate governance and the implementation of the CG Code. He has taken no less than 15 hours of the relevant professional training during the year ended 31 December 2015.

## Communication with Shareholders

The Board recognizes the importance of good communication with Shareholders and highly respects the Shareholders’ right to express their view and appreciates their suggestions to the Company.

The Company uses a number of formal communication channels to deliver the information to Shareholders in a timely manner for assuring the Shareholders are kept well informed of the Company’s key business imperatives. These include general meetings, interim and annual reports, various announcements and circulars. The Company’s website offers a communication channel between the Company and the Shareholders as the website be updated with published information of the Group.

## Voting by poll

Procedure for voting by poll has been included in all circulars accompanying notice convening general meeting and has been read out by the chairman at general meeting.

The voting procedures for demanding a poll by shareholders were written in the 2015 annual general meeting (the “AGM”) circular, and the voting procedures were explained in the AGM.

## Investor Relations

The Company shall, for the purpose to keep its shareholders duly informed of their rights, publish from time to time the updated Articles of Association of the Company in a consolidated form on the Company’s website and the HKEx’s website.

During the year 2015, there had been no significant change in the Company’s constitutional documents.

### Procedures for Requisitioning an Extraordinary General Meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Articles of Association of the Company or the Cayman Islands Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised). However, according to the Articles of Association of the Company, any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, by written requisition to the board or the company secretary of the Company at the principal place of business in Hong Kong, to request to convene an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after deposit of such requisition. Any general meeting at which the passing of a special resolution is to be considered shall be called by not less than 21 clear days' notice, whilst others may be called by not less than 14 clear days' notice. If within 21 days of such deposit the Board fails to proceed to convene such meeting the shareholder(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the shareholder (s) as a result of the failure of the Board shall be reimbursed to the shareholder(s) by the Company.

### Procedures for Sending Enquiries to the Board

Shareholders may send written enquires to the Company, for the attention of Company Secretary, by fax (852) 27786178 or mail to Unit D, 6 Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, and inquiries to the executive Directors of the Company.

On behalf of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 21 March 2016

# INDEPENDENT AUDITOR'S REPORT

## **TO THE SHAREHOLDERS OF DT CAPITAL LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of DT Capital Limited ("the Company") and its subsidiaries set out on pages 32 to 80, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Directors' Responsibility for the Consolidated Financial Statements**

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

### **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, 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Opinion

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

### **Li, Tang, Chen & Co.**

*Certified Public Accountants (Practising)*

10/F Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

21 March 2016

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Note</i>	<b>2015 HK\$</b>	2014 HK\$
<b>Turnover</b>	9	<b>41,095,485</b>	182,016
Cost of listed equity securities disposed of		<b>(10,852,555)</b>	—
Cost of unlisted debt securities redeemed		<b>(30,000,000)</b>	—
Other revenue	10	<b>6,678,462</b>	332,825
Gain on bargain purchase of a subsidiary	27	<b>985,562</b>	—
Other gain	10	<b>2,095,133</b>	3,168,300
Administrative and other operating expenses		<b>(9,235,289)</b>	(7,051,304)
Finance costs	11	—	(374,351)
Share of results of an associate		<b>815,866</b>	—
<b>Profit/(loss) before taxation</b>	12	<b>1,582,664</b>	(3,742,514)
Income tax expense	14(a)	—	—
<b>Profit/(loss) and total comprehensive income/ (loss) attributable to equity holders of the Company</b>		<b>1,582,664</b>	(3,742,514)
<b>Earnings/(loss) per share</b>			
Basic	15	<b>0.0008</b>	(0.004)
Diluted	15	<b>N/A</b>	N/A
<b>Dividend</b>		<b>Nil</b>	Nil

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 HK\$	2014 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	16	358,132	376,741
Interest in an associate	18	10,477,978	—
Available-for-sale financial assets	19	36,431,450	28,000,000
		<b>47,267,560</b>	28,376,741
<b>Current assets</b>			
Other receivables, deposits and prepayments	20	6,675,143	958,664
Financial assets at fair value through profit or loss	21	29,335,528	8,506,508
Cash and bank balances	22	69,291,017	113,854,617
		<b>105,301,688</b>	123,319,789
<b>Current liabilities</b>			
Amount due to a director	23	—	400,000
Other payables and accruals	24	1,211,692	1,521,638
		<b>1,211,692</b>	1,921,638
<b>Net current assets</b>		<b>104,089,996</b>	121,398,151
<b>Net assets</b>		<b>151,357,556</b>	149,774,892
<b>Capital and reserves</b>			
Share capital	25	18,995,000	18,995,000
Reserves	26	132,362,556	130,779,892
<b>Total equity</b>		<b>151,357,556</b>	149,774,892
<b>Net asset value per share</b>	28	<b>0.08</b>	0.08

The consolidated financial statements on pages 32 to 80 were approved and authorised for issue by the board of directors on 21 March 2016.

**Leung King Yue, Alex**  
Executive Director

**Lewis Chan**  
Executive Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital HK\$	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2014	720,000	67,320,071	(96,492,154)	(28,452,083)
Loss and total comprehensive loss for the year	—	—	(3,742,514)	(3,742,514)
Allotment of shares	18,275,000	164,475,000	—	182,750,000
Transaction cost on allotment of shares	—	(780,511)	—	(780,511)
Balance as at 31 December 2014 and 1 January 2015	18,995,000	231,014,560	(100,234,668)	149,774,892
Profit and total comprehensive income for the year	—	—	1,582,664	1,582,664
Balance as at 31 December 2015	18,995,000	231,014,560	(98,652,004)	151,357,556

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK\$	2014 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,582,664	(3,742,514)
Adjustments for:		
Interest income	(6,359,962)	(332,825)
Interest expenses	—	374,351
Depreciation	92,975	14,623
Net unrealised gain on financial assets at fair value through profit or loss	(1,647,531)	(3,168,300)
Gain on disposal of subsidiaries — note 30	(447,602)	—
Share of results of an associate	(815,866)	—
Gain on bargain purchase of a subsidiary — note 27	(985,562)	—
Exchange loss on amount due from an associate	823,450	—
<b>Operating loss before changes in working capital</b>	<b>(7,757,434)</b>	<b>(6,854,665)</b>
Increase in other receivables, deposits and prepayments	(5,826,097)	(839,229)
Decrease in amount due to a director	(400,000)	(8,916,392)
Increase/(decrease) in other payables and accruals	247,272	(13,697,795)
Increase in financial assets at fair value through profit or loss	(19,181,489)	—
<b>Cash used in operations</b>	<b>(32,917,748)</b>	<b>(30,308,081)</b>
Interest received	6,359,962	332,825
Interest paid	—	(374,351)
<b>Net cash used in operating activities</b>	<b>(26,557,786)</b>	<b>(30,349,607)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(74,366)	(391,363)
Purchase of available-for-sale financial assets	(38,431,450)	(28,000,000)
Proceed from early redemption of available-for-sale financial assets	30,000,000	—
Proceed from disposal of subsidiaries — note 30	2	—
Acquisition of a subsidiary – note 27	(9,500,000)	—
<b>Net cash used in investing activities</b>	<b>(18,005,814)</b>	<b>(28,391,363)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from allotment of shares	—	181,969,489
Repayment of short term loans	—	(9,380,184)
<b>Net cash generated from financing activities</b>	<b>—</b>	<b>172,589,305</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(44,563,600)</b>	<b>113,848,335</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>113,854,617</b>	<b>6,282</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>69,291,017</b>	<b>113,854,617</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	69,291,017	113,854,617

# NOTES ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 1. General

DT Capital Limited (“the Company”) is a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is Unit D, 6 Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries (“the Group”) engage in investment holding and trading of securities.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.

## 2. Changes in Accounting Policy and Disclosures

The Group has adopted the following revised standards for the first time for the current year’s financial statements:

*Amendments to HKAS 19 Defined Benefit Plans: Employee Contribution*  
*Annual Improvements to HKFRSs 2010-2012 Cycle*  
*Annual Improvements to HKFRSs 2011-2013 Cycle*

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) issued by the Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact on the financial statements is on the presentation and disclosure of certain information in the financial statements.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 3. Issued But Not Yet Effective Hong Kong Financial Reporting Standards (“HKFRSs”)

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKAS 1 HKFRS 9	<i>Disclosure Initiative<sup>1</sup></i> <i>Financial Instruments<sup>2</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception<sup>1</sup></i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations<sup>1</sup></i> <i>Regulatory Deferral Accounts<sup>3</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>2</sup></i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation<sup>1</sup></i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants<sup>1</sup></i>
Amendments to HKAS 27 (2011) Annual Improvements — 2012-2014 Cycle	<i>Equity Method in Separate Financial Statements<sup>1</sup></i> <i>Amendments to a number of HKFRSs<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

<sup>4</sup> No mandatory effective date is determined but is available for early adoption.

The Group is in the process of making an assessment of the impact of these changes.

### 4. Summary of Significant Accounting Policies

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

#### (a) Basis of preparation:

The financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention except that financial assets at fair value through profit or loss are stated at fair value.

#### 4. Summary of Significant Accounting Policies (Continued)

**(b) Basis of consolidation:**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

**(c) Goodwill:**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination irrespective of where other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operating within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### 4. Summary of Significant Accounting Policies (Continued)

##### (d) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul cost, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method, at the following rate per annum:

Leasehold improvements	20%
Computer equipment	20%
Furniture and fixtures	20%
Office equipment	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continuing use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the year in which the item is derecognised.

##### (e) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

#### 4. Summary of Significant Accounting Policies (Continued)

**(f) Associates:**

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised as other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

#### 4. Summary of Significant Accounting Policies (Continued)

##### **(g) Investments:**

The Group classifies its investments in the following categories: loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

##### **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

##### **(ii) Financial assets at fair value through profit or loss**

At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. All derivatives financial assets and financial assets which forms part of a contract containing one or more embedded derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedges.

##### **(iii) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). The Group designated investments in unlisted securities as available-for-sale financial assets.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss, or until the investment is determined to be impaired, at which item the cumulative gain or loss is recognised in profit or loss and removed from the fair value reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

#### 4. Summary of Significant Accounting Policies (Continued)

##### (h) **Impairment of assets:**

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

In case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the equity securities below their cost is considered in determining whether the securities are impaired. Impairment losses recognised in profit or loss on equity securities are not reversed through profit or loss.

##### (i) **Cash and cash equivalents:**

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

##### (j) **Foreign currency translation:**

###### (i) ***Functional and presentation currency***

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

###### (ii) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss.

#### 4. Summary of Significant Accounting Policies (Continued)

##### (j) **Foreign currency translation:** (Continued)

###### (iii) **Group companies**

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) the resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

##### (k) **Taxation:**

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

#### 4. Summary of Significant Accounting Policies (Continued)

##### **(l) Provisions and contingent liabilities:**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### **(m) Revenue recognition:**

- (i) Sales of investments in equity/debt securities including available-for-sale financial assets and financial assets at fair value through profit or loss are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.
- (ii) Interest income is recognised as it accrues using the effective interest method.
- (iii) Dividend income from equity securities is recognised when the shareholders' rights to receive payment have been established.

##### **(n) Operating lease:**

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

##### **(o) Related parties:**

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

#### 4. Summary of Significant Accounting Policies (Continued)

**(o) Related parties:** (Continued)

- (b) An entity is related to the Group if any of the following conditions applies: (Continued)
- (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

**(p) Segment reporting:**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**(q) Employees benefits:**

***Pension obligations***

The Group participates a defined contribution mandatory provident fund scheme (the "MPF Scheme") which is available to all employees. Contributions to the MPF Scheme by the Group and its employees are calculated based on a percentage of employees' relevant income. The Group's contributions to the fund are incurred as expenses and the assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund.

Payments to the Group's MPF Scheme are charged as expenses as they fall due.

## 5. Critical Accounting Estimates and Judgments

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

### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

#### *Impairment of available-for-sale financial assets*

For available-for-sale financial assets, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgment, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.

### **Estimation uncertainty**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Fair value estimation of financial instruments*

As indicated in note 8 to the consolidated financial statements, the Group selects appropriate valuation techniques for financial instruments not quoted in an active market. The fair values of unlisted convertible bond is determined in accordance with generally accepted pricing model, discounted cash flow method. The values assigned to these unlisted investments 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.

## 6. Capital Risk Management

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

The capital structure of the Group consists of equity reserves attributable to equity holders of the Company, comprising issued share capital, other reserves and retained profits.

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

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

7. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2015

Financial assets

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Available- for-sale financial assets HK\$	Total HK\$
Amount due from an associate	8,555,564	—	—	8,555,564
Available-for-sale financial assets	—	—	36,431,450	36,431,450
Other receivables and deposits	6,335,684	—	—	6,335,684
Financial assets at fair value through profit or loss	—	29,335,528	—	29,335,528
Cash and bank balances	69,291,017	—	—	69,291,017
	<b>84,182,265</b>	<b>29,335,528</b>	<b>36,431,450</b>	<b>149,949,243</b>

Financial liabilities

	Financial liabilities at amortised cost HK\$
Other payables and accruals	1,211,692

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

7. Financial Instruments by Category (Continued)  
2014

**Financial assets**

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Available- for-sale financial assets HK\$	Total HK\$
Available-for-sale financial assets	—	—	28,000,000	28,000,000
Other receivables and deposits	609,470	—	—	609,470
Financial assets at fair value through profit or loss	—	8,506,508	—	8,506,508
Cash and bank balances	113,854,617	—	—	113,854,617
	114,464,087	8,506,508	28,000,000	150,970,595

**Financial liabilities**

	Financial liabilities at amortised cost HK\$
Amount due to a director	400,000
Other payables and accruals	1,521,638
	1,921,638

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 8. Financial Risk Management Objectives and Policies

#### (a) Financial risk factors:

The Group's major financial instruments comprise amount due from an associate, available-for-sale financial assets, other receivables and deposits, financial assets at fair value through profit or loss, cash and bank balances, amount due to a director and other payables and accruals.

The Group's activities expose it to a variety of financial risks: equity price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (i) Equity price risk

The Group is exposed to equity securities which are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. These are susceptible to equity price risk arising from uncertainties about the future prices of the instruments. The Group's equity price risk is managed through diversification of the investment portfolio ratios by exposures.

The following table demonstrates the sensitivity to every 5% change in the fair values of the listed equity securities, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Increase/ (decrease) in fair value %	Increase/ (decrease) in profit before taxation (2014: Decrease/ (increase) in loss before taxation) HK\$	Increase/ (decrease) in equity HK\$
<b>2015</b>			
Investments listed in Hong Kong:			
— Financial assets at fair value through profit or loss			
	5 (5)	1,204,276 (1,204,276)	1,005,571 (1,005,571)
<b>2014</b>			
Investments listed in Hong Kong:			
— Financial assets at fair value through profit or loss			
	5 (5)	425,325 (425,325)	355,147 (355,147)

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 8. Financial Risk Management Objectives and Policies (Continued)

#### (a) Financial risk factors: (Continued)

##### (i) Equity price risk (Continued)

Concentration of equity price risk may arise if the Group has a significant investment in a single equity investment. At the end of the reporting period, the Group has a certain concentration risk in one (2014: one) equity investment which account for more than 5% of the total assets of the Group.

	% of total assets of the Group	
	2015	2014
Upbest Group Limited	7.56%	5.03%

##### (ii) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the end of the reporting period, if any. The Group is responsible for monitoring the amount of credit exposure to any financial institution.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

8. Financial Risk Management Objectives and Policies (Continued)

(a) **Financial risk factors:** (Continued)

(iii) **Liquidity risk**

The Group invests in both listed and unlisted securities which are designated as available-for-sale financial assets and/or financial assets at fair value through profit or loss. Those listed securities are considered readily realisable as they are listed in regulated stock exchanges. Those unlisted securities may not be traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

The following table details the Group's remaining contractual maturity for their financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	<b>Carrying amount at 31 December</b> HK\$	<b>Total contractual undiscounted cash flow</b> HK\$	<b>Within 1 year or on demand</b> HK\$
<b>2015</b>			
<b>Non-derivative financial liabilities</b>			
Other payables and accruals	<b>1,211,692</b>	<b>1,211,692</b>	<b>1,211,692</b>
<b>2014</b>			
<b>Non-derivative financial liabilities</b>			
Amount due to a director	400,000	400,000	400,000
Other payables and accruals	1,521,638	1,521,638	1,521,638
	<b>1,921,638</b>	<b>1,921,638</b>	<b>1,921,638</b>

## 8. Financial Risk Management Objectives and Policies (Continued)

### (a) **Financial risk factors:** (Continued)

#### (iv) **Interest rate risk**

The Group has no interest-bearing financial liabilities at the end of the reporting period. The Group only exposes to changes in interest rates to their interest-bearing short-term bank fixed deposits.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 (2014: loss) would increase/decrease by HK\$281,951 (2014: decrease/increase HK\$459,358).

#### (v) **Foreign currency risk**

The Group is mainly exposed to foreign exchange risk arising from Hong Kong dollars against Thai Baht. This foreign exchange risk arises from future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency of Hong Kong dollars. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and it has not hedged its foreign exchange risk.

At 31 December 2015, if Thai Baht had strengthened/weakened by 5% (2014: Nil) against the Hong Kong dollars with all other variables held constant, the Group's profit (2014: loss) for the year would have been approximately HK\$421,528 (2014: HK\$Nil) higher/lower mainly as a result of foreign exchange gains/losses on translation of Thai Baht denominated amount due from an associate.



## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 8. Financial Risk Management Objectives and Policies (Continued)

#### (b) Fair values: (Continued)

##### (i) Fair value hierarchy (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices for identical instruments at the end of the reporting date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The Group adopted HKFRS 13 and use closing price as the valuation basis for listed equity investments.

Unlisted convertible bonds is stated at its fair value, which is determined by reference to the valuation in accordance with generally accepted valuation methodologies.

The valuation techniques and inputs used in the fair value measurements within Level 3 is as follows:

	Valuation technique	Significant inputs
Financial assets at fair value through profit or loss (Level 3)	Discounted cash flow	Expected recoverable amount of underlying project

Additional information about fair value measurements using significant unobservable inputs (Level 3):

	Significant unobservable inputs	Range
Financial assets at fair value through profit or loss (Note)	Expected recoverable amount of underlying project	Not applicable

Note: The valuation are performed and reported at each of the Group's reporting dates to Group management. The higher the expected recoverable amount of underlying project, the higher the fair value.

There were no changes in valuation techniques during the year.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 8. Financial Risk Management Objectives and Policies (Continued)

#### (b) Fair values: (Continued)

##### (i) Fair value hierarchy (Continued)

During the years ended 31 December 2015 and 31 December 2014, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

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

	Financial assets at fair value through profit or loss HK\$
At 1 January 2015	—
Addition	5,000,000
Net unrealised gain recognised in profit or loss	250,000
At 31 December 2015	5,250,000

##### (ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's other financial instruments carried at costs are not materially different from their fair values as at 31 December 2015 and 31 December 2014.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 9. Turnover

	2015 HK\$	2014 HK\$
Proceeds from early redemption of available-for-sale financial assets — unlisted debt securities	<b>30,000,000</b>	—
Proceeds from sales of financial assets at fair value through profit or loss — listed equity securities	<b>10,466,737</b>	—
Dividend income from listed equity securities	<b>628,748</b>	182,016
	<b>41,095,485</b>	182,016

As the Group has just completed the reorganisation and resumption of trading of shares during 2014, therefore, there were no proceeds from sales of available-for-sale financial assets and sales of financial assets at fair value through profit or loss included in the turnover for year ended 31 December 2014.

No analysis of the Group's turnover and contribution to operating profit for the current and prior years set out by principal activities and geographical markets is provided. It is because the Group has only one single business segment, investment holding, and all the consolidated turnover and the consolidated results of the Group are attributable to performance of the markets in Hong Kong.

No information about major customers has been disclosed as a substantial portion of the Group's income is derived from the Group's investments in listed equity securities and unlisted debt securities and the disclosure of information regarding customers would not be meaningful.

### 10. Other Revenue and Gain

	2015 HK\$	2014 HK\$
Other revenue		
Interest income	<b>6,359,962</b>	332,825
Set up fee income on bonds	<b>300,000</b>	—
Sundry income	<b>18,500</b>	—
	<b>6,678,462</b>	332,825
Other gain		
Unrealised gain on financial assets at fair value through profit or loss	<b>1,647,531</b>	3,168,300
Gain on disposal of subsidiaries	<b>447,602</b>	—
	<b>2,095,133</b>	3,168,300

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 11. Finance Costs

	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
Interest on unsecured short term loans wholly repayable within five years	—	374,251
Interest on bank overdraft	—	100
	<b>—</b>	<b>374,351</b>

### 12. Profit/(Loss) Before Taxation

Profit/(loss) before taxation has been arrived at after charging:

	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
Auditors' remuneration	<b>220,000</b>	200,000
Depreciation	<b>92,975</b>	14,623
Investment management fee paid to an investment manager	<b>2,269,722</b>	1,013,248
Performance fee paid to an investment manager	<b>279,294</b>	—
Financial advisory fee paid to:		
i) an investment manager	<b>360,000</b>	212,903
ii) an independent financial advisor	—	50,000
Staff costs, including defined contributions of HK\$114,483 (2014: HK\$29,605) to a defined contribution mandatory provident fund scheme	<b>2,271,442</b>	2,634,047
Minimum lease payments on properties under operating leases	<b>930,725</b>	504,599
Exchange loss	<b>823,522</b>	—

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

13. Directors' and Senior Management's Emoluments

(a) The remuneration of every director for the year ended 31 December 2015 is as follows:

	Fees HK\$	Basic salaries, housing benefits, other allowances and benefits in kind HK\$	Retirement benefits contributions HK\$	Discretionary bonuses and/or performance- related bonuses HK\$	Compensation for loss of office HK\$	Inducement for joining the Group HK\$	Total HK\$
<b>Executive directors:</b>							
Leung King Yue, Alex (2)	240,000	—	17,806	—	—	—	257,806
Lewis Chan (2)	240,000	—	17,806	—	—	—	257,806
Leong Chi Wai (2)	240,000	—	17,806	—	—	—	257,806
<b>Non-executive directors:</b>							
Chan Pui Kwan (2)	180,000	—	13,350	—	—	—	193,350
Ma Chun Fai (2)	180,000	—	13,350	—	—	—	193,350
<b>Independent non-executive directors:</b>							
Kwok Ming Fai	100,000	—	—	—	—	—	100,000
Lo Chi Ming (2)	100,000	—	—	—	—	—	100,000
Jochum Siebren Haakma (2)	100,000	—	—	—	—	—	100,000
	<b>1,380,000</b>	<b>—</b>	<b>80,118</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,460,118</b>

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 13. Directors' and Senior Management's Emoluments (Continued)

(a) The remuneration of every director for the year ended 31 December 2014 is as follows:

	Fees HK\$	Basic salaries, housing benefits, other allowances and benefits in kind HK\$	Retirement benefits contributions HK\$	Discretionary bonuses and/or performance- related bonuses HK\$	Compensation for loss of office HK\$	Inducement for joining the Group HK\$	Total HK\$
<b>Executive directors:</b>							
Wu Chun Wah, Michael (1)	345,161	—	1,500	—	—	—	346,661
Tung Tat Wah (1)	345,161	147,945	1,500	—	—	—	494,606
Leung King Yue, Alex (2)	116,125	—	—	—	—	—	116,125
Lewis Chan (2)	116,125	—	—	—	—	—	116,125
Leong Chi Wai (2)	116,125	—	—	—	—	—	116,125
<b>Non-executive directors:</b>							
Chan Pui Kwan (2)	87,000	—	—	—	—	—	87,000
Ma Chun Fai (2)	87,000	—	—	—	—	—	87,000
<b>Independent non-executive directors:</b>							
Kwok Ming Fai	73,932	—	—	—	—	—	73,932
Siu Siu Ling, Robert (1)	28,763	—	—	—	—	—	28,763
Lee Ming Ching, Stephen (1)	28,763	—	—	—	—	—	28,763
Lo Chi Ming (2)	48,125	—	—	—	—	—	48,125
Jochum Siebren Haakma (2)	48,125	—	—	—	—	—	48,125
	1,440,405	147,945	3,000	—	—	—	1,591,350

(1) These directors resigned on 29 July 2014

(2) These directors were appointed on 7 July 2014

No directors waived or agreed to waive any remuneration during the year (2014: Nil).

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 13. Directors' and Senior Management's Emoluments (Continued)

- (b) Details of emoluments of the five highest paid individuals (including directors and other employees) are:

	2015 HK\$	2014 HK\$
Salaries and other benefits	1,304,782	1,770,709
Retirement benefits contributions	81,048	26,805
	<b>1,385,830</b>	1,797,514

Three (2014: Two) of the five highest paid individuals were directors of the Group, whose emoluments are included in Note 13(a).

Analysis of the emoluments of the five highest paid individuals (including directors and other employees) by number of individuals and emolument ranges is as follows:

	2015	2014
Nil to HK\$1,000,000	5	5

### 14. Income Tax Expense

- (a) No provision for Hong Kong profits tax has been made in these financial statements as the tax losses brought forward from prior years exceed the estimated assessable profits for the year ended 31 December 2015 (2014: no provision for Hong Kong profits tax had been made as the Group incurred a loss for the year ended 31 December 2014).
- (b) Reconciliation between income tax expense and the Group's accounting profit/(loss) at the statutory income tax rate is set out below:

	2015 HK\$	2014 HK\$
Profit/(loss) before taxation	1,582,664	(3,742,514)
Tax effect at the statutory income tax rate of 16.5% (2014: 16.5%)	261,139	(617,514)
Tax effect of profit not subject to taxation	(1,282,179)	(572,427)
Tax effect of non-deductible expenses	203,307	138,532
Tax effect on unrecognised temporary differences	379,492	(35,516)
Tax effect of unused tax losses not recognised	577,671	1,086,925
Tax effect of utilization of tax losses previously not recognised	(139,430)	—
Income tax expense	—	—

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 14. Income Tax Expense (Continued)

(c) Deferred tax assets have not been recognised in respect of the following items:—

	2015 HK\$	2014 HK\$
Accelerated depreciation	5,160	14,129
Tax loss carried forward	<b>(5,522,981)</b>	(5,084,741)
Unrealised loss on financial asset at fair value through profit or loss	<b>(370,522)</b>	—
	<b>(5,888,343)</b>	(5,070,612)

At the end of the reporting period, the Group has unutilized tax losses of HK\$33,472,611 (2014: HK\$30,816,612) available for offsetting against future taxable profit.

No deferred tax assets have been recognised in respect of the above items due to the unpredictability of future profit streams. The tax losses and other deductible temporary difference do not expire under current tax legislation.

### 15. Earnings/(loss) Per Share

The basic earnings/(loss) per share is based on the Group's profit/(loss) attributable to equity holders of the Company of HK\$1,582,664 (2014: loss of HK\$3,742,514) and the weighted average number of 1,899,500,000 (2014: weighted average number of shares of 927,993,151) ordinary shares in issue during the year.

There is no diluted earnings/(loss) per share for the years ended 31 December 2015 and 31 December 2014 presented since the Company has no dilutive potential ordinary shares.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

16. Property, Plant and Equipment

	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
As at 1 January 2014					
Cost	145,169	—	—	54,076	199,245
Accumulated depreciation	(145,169)	—	—	(54,075)	(199,244)
Net book value	—	—	—	1	1
Net book value as at					
1 January 2014	—	—	—	1	1
Additions	288,000	69,913	33,450	—	391,363
Depreciation	(9,600)	(3,907)	(1,115)	(1)	(14,623)
Net book value as at	278,400	66,006	32,335	—	376,741
As at 31 December 2014					
Cost	288,000	69,913	33,450	54,076	445,439
Accumulated depreciation	(9,600)	(3,907)	(1,115)	(54,076)	(68,698)
Net book value	278,400	66,006	32,335	—	376,741
Net book value as at	<b>278,400</b>	<b>66,006</b>	<b>32,335</b>	<b>—</b>	<b>376,741</b>
1 January 2015	<b>54,534</b>	<b>—</b>	<b>15,944</b>	<b>3,888</b>	<b>74,366</b>
Additions	<b>(68,507)</b>	<b>(13,983)</b>	<b>(9,879)</b>	<b>(606)</b>	<b>(92,975)</b>
Depreciation	<b>264,427</b>	<b>52,023</b>	<b>38,400</b>	<b>3,282</b>	<b>358,132</b>
Net book value as at	<b>264,427</b>	<b>52,023</b>	<b>38,400</b>	<b>3,282</b>	<b>358,132</b>
As at 31 December 2015					
Cost	<b>342,534</b>	<b>69,913</b>	<b>49,394</b>	<b>57,964</b>	<b>519,805</b>
Accumulated depreciation	<b>(78,107)</b>	<b>(17,890)</b>	<b>(10,994)</b>	<b>(54,682)</b>	<b>(161,673)</b>
Net book value	<b>264,427</b>	<b>52,023</b>	<b>38,400</b>	<b>3,282</b>	<b>358,132</b>

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 17. Particular of Subsidiaries

Particulars of subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid ordinary share capital	Percentage of equity interest held		Principal activity
			Directly	Indirectly	
			%	%	
Ace Perfection Group Limited	British Virgin Islands	US\$1	100	—	Investment holding
Power Bright International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Equity Merit International Limited	British Virgin Islands	US\$1	100	—	Trading of securities
New Fantasy International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Rainbow Ocean Investments Limited	British Virgin Islands	US\$2	100	—	Investment holding
Peak Star Group Limited	British Virgin Islands	US\$1	100	—	Investment holding
Genius Pro Asia Limited	British Virgin Islands	US\$1	100	—	Investment holding
United Solutions International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Nova System International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Super Bloom Investments Limited	Hong Kong	HK\$1	—	100	Dormant

All subsidiaries operate in Hong Kong.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

18. Interest in an Associate

	2015 HK\$	2014 HK\$
Unlisted investments, at cost	5	—
Share of post-acquisition profits	1,922,409	—
	<b>1,922,414</b>	—
Amount due from an associate	<b>8,555,564</b>	—
	<b>10,477,978</b>	—

- (a) The amount due from an associate denominated in a currency other than the Group's functional currency, Hong Kong dollars:

	2015 HK\$	2014 HK\$
Thai Baht	<b>THB39,211,926</b>	THB —

The amount is unsecured, interest-free and repayable upon resolution of the directors of the associate. No imputation of interests has been accrued on the amount due from an associate due to the related party nature of this instruments.

- (b) The Group's interest in its associate which is unlisted whose quoted market price is not available, was as follows:

Name of associate	Particulars of issued shares held	Form of business structure	Place of incorporation	Percentage of effective interest attributable to the Group %	Principal activity
Purple Link Investment Limited ("Purple Link")	5 ordinary shares	Incorporated	Hong Kong	25	Property investment in Thailand

The associate is accounted for using the equity method in the consolidated financial statements.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 18. Interest in an Associate (Continued)

- (c) Summarised financial information of the associate, adjusted for any difference in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2015 HK\$	2014 HK\$
<b>Summarised statement of financial position</b>		
Current assets	114,728	—
Non-current assets	41,811,184	—
Current liabilities	(34,236,256)	—
Non-current liabilities	—	—
Equity	7,689,656	—
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Revenue	15	—
Income after tax	3,263,466	—
Other comprehensive income	—	—
Total comprehensive income	3,263,466	—
Dividends received from associate	—	—
<b>Reconciled to the Group's interest in the associate</b>		
Net assets of the associate	7,689,656	—
Group's effective interest	25%	—
Group's share of net assets of the associate	1,922,414	—
Carrying amount in the consolidated financial statements	1,922,414	—

### 19. Available-for-sale Financial Assets

	2015 HK\$	2014 HK\$
Unlisted equity securities, at cost	8,431,450	3,000,000
Unlisted debt securities, at cost	28,000,000	25,000,000
	36,431,450	28,000,000

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 19. Available-for-sale Financial Assets (Continued)

At the end of the reporting period, the unlisted equity and debt securities are stated at cost because their fair values cannot be measured reliably. In the opinion of the directors, the costs of these unlisted equity and debt securities are not materially different from their fair values.

#### (a) Details of unlisted equity and debt securities are as follows:

Name of companies	Place of incorporation	Proportion of share capital owned		Cost		Impairment loss	Carrying amount		% of total assets of the Group		Principal activities
		2015	2014	2015 HK\$	2014 HK\$		2015 HK\$	2014 HK\$	2015	2014	
Good Quality Investment Limited	Hong Kong	20% <sup>*3</sup>	20% <sup>*3</sup>	3,000,000	3,000,000	—	3,000,000	3,000,000	1.97%	1.98%	Securities dealing
Yi Hua Holdings Limited (formerly known as Yi Hua Department Store Holdings Limited ("Yi Hua Holdings"))	Cayman Islands	N/A <sup>*1</sup>	N/A <sup>*1</sup>	25,000,000	25,000,000	—	25,000,000	25,000,000	16.39%	16.48%	Operation of department store chain
Victor Ease Limited	British Virgin Islands	3.67%	—	3,431,450	—	—	3,431,450	—	2.25%	—	Investment holding
Yiu Wing Succession Holdings Company Limited (formerly known as Yiu Wing Entertainments Holdings Limited)	Hong Kong	10%	—	2,000,000	—	—	2,000,000	—	1.31%	—	Investment holding
Star League Investments Limited("Star League")	British Virgin Islands	N/A <sup>*2</sup>	—	3,000,000	—	—	3,000,000	—	1.97%	—	Investment holding
				36,431,450	28,000,000	—	36,431,450	28,000,000			

\*<sup>1</sup> No share capital owned as this is a 3-years bond with 7% coupon rate issued by Yi Hua Holdings.

\*<sup>2</sup> No share capital owned as this is a 2-years debenture with 6.5% coupon rate issued by Star League.

\*<sup>3</sup> According to Hong Kong Accounting Standard 28 (2011), the Group has no significant influence over the investee company. Therefore, it is not regarded as an associate.

#### (b) Particulars of available-for-sale financial assets

##### (i) Unlisted equity securities

##### Good Quality Investment Limited ("Good Quality")

Good Quality is incorporated in Hong Kong and is principally engaged in business of securities dealing (2014: inactive) during the year.

The Group holds 3,000,000 (2014: 3,000,000) shares in Good Quality, representing 20% (2014: 20%) interest in the issued share capital of Good Quality. No dividend was received during the years ended 31 December 2015 and 31 December 2014. Based on the unaudited result for the period from 28 October 2014 (date of incorporation) to 31 December 2015, the net asset value of Good Quality was approximately HK\$26,372,000 and the Group's share of the net asset value of Good Quality was approximately HK\$5,274,400 (2014: no audited/unaudited financial statements was available as Good Quality was inactive during the year).

19. Available-for-sale Financial Assets (Continued)

**(b) Particulars of available-for-sale financial assets** (Continued)

**(i) Unlisted equity securities** (Continued)

**Victor Ease Limited (“Victor Ease”)**

Victor Ease is incorporated in the British Virgin Islands and is principally engaged in business of investment holding during the year.

The Group holds 367 shares in Victor Ease, representing 3.67% interest in the issued share capital of Victor Eases. No dividend was received during the year. Based on the unaudited result for the period from 10 July 2015 (date of incorporation) to 15 August 2015, the net asset value of Victor Ease was approximately HK\$13,011,000 and the Group’s share of the net asset value of Victor Ease was approximately HK\$477,504.

**Yiu Wing Succession Holdings Company Limited (formerly known as Yiu Wing Entertainments Holdings Limited) (“Yiu Wing”)**

Yiu Wing is incorporated in Hong Kong and is principally engaged in business of investment holding during the year.

The Group holds 2,000,000 shares in Yiu Wing, representing 10% interest in the issued share capital of Yiu Wing. No dividend was received during the year. Based on the unaudited result for the period from 29 September 2015 (date of incorporation) to 31 December 2015, the net asset value of Yiu Wing was approximately HK\$11,389,000 and the Group’s share of the net asset value of Yiu Wing was approximately HK\$1,138,900.

**(ii) Unlisted debt securities**

**Yi Hua Holdings Limited (formerly known as Yi Hua Department Store Holdings Limited) (“Yi Hua Holdings”)**

Yi Hua Holdings is incorporated in the Cayman Islands and is principally engaged in operation of department stores chain in the People’s Republic of China.

On 17 November 2014, the Group entered into the Subscription Agreement with Yi Hua Holdings pursuant to which the Group agreed to subscribe for 7% coupon unlisted bonds due 2017 issued by Yi Hua Holdings in an aggregate principal amount of HK\$25,000,000 due on the third anniversary of the date of issue of the Bonds and derived an interest income of HK\$1,744,306 (2014: HK\$213,889) during the year. Based on the annual results for the year ended 31 December 2015, the net asset value of Yi Hua Store was approximately HK\$282,043,000 (2014: HK\$198,799,000).

**Star League Investments Limited (“Star League”)**

Star League is incorporated in the British Virgin Islands and is principally engaged in business of investment holding during the year.

On 27 April 2015, the Group entered into the Subscription Agreement with Star League pursuant to which the Group agreed to subscribe for 6.5% coupon unlisted debenture due 2017 issued by Star League in an aggregate principal amount HK\$3,000,000 due on second anniversary of the date of issue of the debenture, and derived an interest income of HK\$105,781 during the year.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

20. Other Receivables, Deposits and Prepayments

	2015 HK\$	2014 HK\$
Deposits	186,860	339,950
Prepayments	339,459	349,194
Other receivables	6,148,824	269,520
	<b>6,675,143</b>	958,664

No ageing analysis is disclosed for other receivable in view of the fact that they comprise mainly accrued interest income from unlisted debt securities and deposit placed in broker's account.

21. Financial Assets at Fair Value Through Profit or Loss

	2015 HK\$	2014 HK\$
Financial assets designated at financial assets at fair value through profit or loss:		
Unlisted convertible debt securities at fair value (note 8(b))	5,250,000	—
Financial assets held for trading:		
Equity securities listed in Hong Kong at fair value (note 8(b))	24,085,528	8,506,508
	<b>29,335,528</b>	8,506,508
Fair value of listed equity securities	<b>24,085,528</b>	8,506,508
Fair value of unlisted debt securities	<b>5,250,000</b>	—

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

21. Financial Assets at Fair Value Through Profit or Loss (Continued)

(a) Listed equity securities of the Group are as follows:

Name of investee companies	Fair value		Unrealised gain/(loss)		% of total assets of the Group		Net assets attributable to the Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$			HK\$	HK\$
UBA Investments Limited	871,948	871,948	—	438,060	0.57%	0.57%	718,593	555,341
Upbest Group Limited	11,527,680	7,634,560	3,893,120	2,730,240	7.56%	5.03%	8,168,076	5,431,229
Bank of China Limited	1,384,000	—	(433,873)	—	0.91%	—	7,365,675	—
Industrial and Commercial Bank of China Limited	2,574,000	—	(855,153)	—	1.69%	—	13,380,741	—
China Construction Bank Corporation Limited	3,451,500	—	(568,560)	—	2.26%	—	4,574,934	—
China Mobile Limited	1,925,000	—	(34,403)	—	1.26%	—	1,163,052	—
Asia Financial Holdings Limited	1,020,000	—	(297,680)	—	0.67%	—	2,341,709	—
Agricultural Bank of China Limited	1,331,400	—	(305,920)	—	0.87%	—	19,741,420	—
	<b>24,085,528</b>	8,506,508	<b>1,397,531</b>	3,168,300				

Unlisted convertible debt securities of the Group are as follows:

Name of investee companies	Fair value		Unrealised gain		% of total assets of the Group		Net assets attributable to the Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$			HK\$	HK\$
Toyoplas Investments Limited	5,250,000	—	250,000	—	3.44%	—	N/A	N/A

## 21. Financial Assets at Fair Value Through Profit or Loss (Continued)

### (b) Particulars of major financial assets at fair value through profit or loss Upbest Group Limited ("Upbest Group")

Upbest Group is incorporated in the Cayman Islands and is principally engaged in investment holding.

The Group holds 5,056,000 (2014: 5,056,000) shares in Upbest Group, representing 0.38% (2014: 0.38%) interest in the issued share capital of Upbest Group and derived a dividend income of HK\$202,240 (2014: HK\$182,016) for the year ended 31 December 2015. Based on the interim report for the six months ended at 30 September 2015 (2014: 30 September 2014), the net asset value of Upbest Group was approximately HK\$2,166,670,000 (2014: HK\$1,441,000,000).

### Industrial and Commercial Bank of China Limited ("ICBC")

ICBC is incorporated in the PRC and is principally engaged in provision of corporate and personal banking, treasury operations, investment banking, asset management trust, financial leasing and other financial services.

The Group holds 550,000 shares in ICBC, representing 0.00063% interest in the issued share capital of ICBC and derived a dividend income of HK\$145,819 for the year ended 31 December 2015. Based on the annual results for the year ended at 31 December 2015, the net asset value of ICBC was approximately HK\$2,111,579,320,000.

### China Construction Bank Corporation Limited ("CCB")

CCB is incorporated in the PRC and is principally engaged in provision of corporate and personal banking services, conducting treasury business, provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

The Group holds 650,000 shares in CCB, representing 0.00027% interest in the issued share capital of CCB and derived a dividend income of HK\$137,347 for the year ended 31 December 2015. Based on the annual results for the year ended at 31 December 2015, the net asset value of CCB was approximately HK\$1,692,143,600,000.

### China Mobile Limited ("China Mobile")

China Mobile is incorporated in Hong Kong and is principally engaged in provision of mobile telecommunications and related services.

The Group holds 22,000 shares in China Mobile, representing 0.00011% interest in the issued share capital of China Mobile. No dividend income was received during the year. Based on the annual results for the year ended at 31 December 2015, the net asset value of China Mobile was approximately HK\$1,082,456,480,000.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 21. Financial Assets at Fair Value Through Profit or Loss (Continued)

#### (b) Particulars of major financial assets at fair value through profit or loss (Continued) Toyoplas Investments Limited ("Toyoplas")

Toyoplas is incorporated in the British Virgin Islands and is principally engaged in business of investment holding during the year.

On 20 April 2015 and 1 September 2015, the Group entered into the Subscription Agreement and supplemental agreement with Toyoplas pursuant to which the Group agreed to subscribe for unlisted convertible bond with zero coupon rate due 2016 issued by Toyoplas in an aggregate principal amount of HK\$5,000,000 due on 30 April 2016. The Group shall have right to convert or exchange the entire outstanding principal of the bond into share of Toyoplas or Toyoplas Group Holdings Inc. ("Toyoplas Group") at any time during the period from the issue date up to 30 April 2016, subject to an extension of time of six months. On 18 March 2016, the Group gave notice to Toyoplas to extend the exercise of conversion right to 30 October 2016. Toyoplas Group is in the process of application of Initial Public Offering on the Growth Enterprise Marketing of the Hong Kong Stock Exchange Limited. Based on the consolidated financial information for the year ended 31 December 2015 extracted from first submission of Application Proof on 7 April 2016, the net asset value of Toyoplas Group was approximately HK\$202,082,000.

#### UBA Investment Limited ("UBA")

UBA is incorporated in the Cayman Islands and is principally engaged in investment holding and trading of securities.

The Group holds 4,172,000 (2014: 4,172,000) shares in UBA, representing 0.39% (2014: 0.39%) interest in the issued share capital of UBA. No dividend was received during the years ended 31 December 2015 and 31 December 2014. Based on the interim report for the six months ended at 30 September 2015 (2014: 30 September 2014) the net asset value of UBA was approximately HK\$182,538,000 (2014: HK\$141,069,000)

### 22. Cash and Bank Balances

	2015 HK\$	2014 HK\$
Time deposits with banks with maturity period less than three months	67,533,079	110,025,952
Bank balances	1,757,938	3,828,665
	<b>69,291,017</b>	<b>113,854,617</b>

### 23. Amount Due to a Director

Amount due to a director is unsecured, interest-free and has no fixed term of repayment.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 24. Other Payables and Accruals

Included in the other payables and accruals are the amount due to the investment manager for unsettled investment management fee of HK\$558,895 and performance fee of HK\$279,294 (2014: HK\$763,248 and HK\$ Nil) and the amount due to the financial advisor for unsettled financial advisory fee amounting to HK\$90,000 (2014: HK\$212,903).

No ageing analysis is disclosed as they are not trade creditors.

### 25. Share Capital

	Number of shares		Share capital	
	2015	2014	2015 HK\$	2014 HK\$
Ordinary shares of HK\$0.01 each				
Authorised:				
At 1 January	2,000,000,000	500,000,000	20,000,000	5,000,000
Increase in share capital (note (a))	2,000,000,000	1,500,000,000	20,000,000	15,000,000
At 31 December	4,000,000,000	2,000,000,000	40,000,000	20,000,000
Issued and fully paid:				
At 1 January	1,899,500,000	72,000,000	18,995,000	720,000
Allotment of shares (note (b))	—	1,827,500,000	—	18,275,000
At 31 December	1,899,500,000	1,899,500,000	18,995,000	18,995,000

Note:

- (a) By an ordinary resolution of shareholders held at the extraordinary general meeting on 24 June 2014, the authorised capital was increased from HK\$5,000,000 divided into 500,000,000 shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each by the creation of an additional 1,500,000,000 shares of HK\$0.01 each.

By an ordinary resolution of the shareholders held at the Annual General Meeting on 19 June 2015, the authorised share capital has been increased from HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 shares of HK\$0.01 each by the creation of an additional 2,000,000,000 shares of HK\$0.01 each.

- (b) Pursuant to the Subscription Agreement dated 30 April 2013, the Company has allotted and issued the subscription shares, being 1,400,000,000 shares at the subscription price of HK\$0.1 per subscription share to Sharp Years Limited and Hugo Lucky Limited ("the Offerors"). The subscription of shares by the Offerors was completed on 30 June 2014.

And on 29 August 2014, the Company has allotted and issued the open offer shares, being 427,500,000 shares at the price of HK\$0.1 per shares to the other public shareholders. The net proceeds from the allotment were approximately HK\$41,969,000.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 26. Reserves

	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2014	67,320,071	(96,492,154)	(29,172,083)
Loss and total comprehensive loss for the year	—	(3,742,514)	(3,742,514)
Allotment of shares	164,475,000	—	164,475,000
Transaction cost on allotment of shares	(780,511)	—	(780,511)
Balance as at 31 December 2014 and 1 January 2015	231,014,560	(100,234,668)	130,779,892
Profit and total comprehensive income for the year	—	1,582,664	1,582,664
Balance as at 31 December 2015	231,014,560	(98,652,004)	132,362,556

### 27. Acquisition of Subsidiary

On 6 March 2015, the Group acquired 100% of the equity interest and the assignment of loan of HK\$10,498,854 in Rainbow Ocean Investments Limited ("Rainbow Ocean") from two non-executive directors, Ms. Chan Pui Kwan and Mr. Ma Chun Fai, at a cash consideration of HK\$9,500,000. Rainbow Ocean is incorporated in British Virgin Islands with limited liability and principally engaged in investment holding and was acquired for the potential for earning growth and capital appreciation.

The acquired business contributed revenue of HK\$Nil and net loss of HK\$12,498 to the Group for the period from 6 March 2015 (the acquisition date) to 31 December 2015. If the acquisition had occurred on 1 January 2015, the Group's revenue and profit for the year would remain unchanged. These amounts have been calculated using the Group's accounting policies.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 27. Acquisition of Subsidiary (Continued)

The fair value of identifiable assets and liabilities of Rainbow Ocean at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition</b>
	HK\$
Interest in an associate	10,485,562
<b>Total identifiable net assets at fair value</b>	10,485,562
Gain on bargain purchase of a subsidiary	(985,562)
<b>Satisfied by cash</b>	9,500,000

Interest in an associate acquired included amount due from an associate with fair value of HK\$9,379,014 at the date of acquisition had gross contractual amount of THB39,211,926 and HK\$125,000 respectively. It is expected to be fully collected at the acquisition date.

Gain on bargain purchase is resulting from prudent estimation of net asset value of the subsidiary acquired.

### 28. Net Asset Value Per Share

The calculation of net asset value per share is based on the net assets of HK\$151,357,556 (2014: HK\$149,774,892) and the 1,899,500,000 (2014: 1,899,500,000) ordinary shares in issue as at 31 December 2015.

### 29. Commitments

#### (a) Capital commitments

At 31 December 2015, capital expenditure contracted but not provided for is as follows:

	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
Investments	<b>4,196,000</b>	Nil

On 30 October 2015, a wholly-owned subsidiary, Super Bloom Investments Limited ("Super Bloom") entered into an agreement for capital investment in 廣州市金洋水產養殖有限公司 ("金洋水產"). The Group had a financial commitment of RMB3,555,556 (approximately to HK\$4,196,000) in respect of unpaid capital contribution to 金洋水產, which represent 2% equity interest in 金洋水產.

On 2 February 2016, a new agreement was entered into by Super Bloom and other shareholders for the increase of the capital of 金洋水產 by the injection of additional capital of RMB50,000,000 by a new investor. Percentage of Super Bloom was thereafter diluted to 1.6% accordingly.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 29. Commitments (Continued)

#### (b) Operating lease commitments

At the end of the reporting period, the Group had entered into the following future minimum lease payments in respect of the office premises under non-cancellable operating leases. These leases run for 17 months (2014: 17 months to two years)

	2015 HK\$	2014 HK\$
Within one year	222,000	1,047,888
In the second to fifth years, inclusive	—	222,000
	<b>222,000</b>	<b>1,269,888</b>

### 30. Disposal of Subsidiaries

On 24 November 2015, the Group disposed of two of its subsidiaries, Perfect Partner Holdings Limited ("Perfect Partner") and Sparkling Achievement Limited ("Sparkling") to a former director, Mr. Tung Tai Wah, and an independent third party for a consideration of HK\$1 each.

- (i) The net liabilities of Perfect Partner disposed of:

	HK\$
Deposits and prepayment	109,618
Accruals	(557,218)
Net liabilities disposed of	(447,600)
Gain on disposal of a subsidiary (note 10)	447,601
Total consideration	1
Consideration settled in cash and cash inflow on disposal	1

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 30. Disposal of Subsidiaries (Continued)

(ii) The net liabilities of Sparkling disposal of:

	HK\$
Assets	—
Liabilities	—
Net liabilities disposed of	—
Gain on disposal of subsidiary (note 10)	1
Total consideration	1
Consideration settled in cash and cash inflow on disposal	1

### 31. Connected and Related Party Transactions

During the year, the Group had the following transactions with its related parties:

	Notes	2015 HK\$	2014 HK\$
Performance fee paid to Hua Yu Investment Management Limited	(a)	<b>279,294</b>	—
Investment management fee paid to Hua Yu Investment Management Limited	(a)	<b>2,269,722</b>	1,013,248
Financial advisory fee paid to Hua Yu Investment Management Limited for:	(b)		
i) period from 1 January 2015 to 31 December 2015		<b>360,000</b>	—
ii) period from 1 June 2014 to 31 December 2014		—	210,000
iii) period from 29 May 2014 to 31 May 2014		—	2,903
Custodian fee paid to Bank of Communication Trustee Limited	(c)	<b>35,200</b>	35,500
Purchase of a subsidiary from non-executive directors	(d)	<b>9,500,000</b>	—

- (a) The Company and Hua Yu Investment Management Limited, the investment manager in which a director of the Company, Mr. Leong Chi Wai, is also a director of the investment manager, had entered into an investment management agreement on 25 February 2013 for the term of one year from 1 March 2013 at a quarterly management fee of HK\$150,000. The investment management agreement was further renewed the service period for three months up to 31 May 2014. Pursuant to the investment management agreement, an investment management fee is payable at HK\$150,000 quarterly.

### 31. Connected and Related Party Transactions (Continued)

(a) (Continued)

A new investment management agreement was entered into between the Company and the investment manager on 28 May 2014 for the service period of three years to 31 May 2017. Monthly investment management fee is payable quarterly at 1.5% of the Gross Net Asset Value (NAV) per annum, calculated as the arithmetical average of the published Gross NAV on the last day of each calendar month during each relevant year.

In addition to the above management fee, a performance fee is payable annually at 15% on the amount of audited consolidated NAV of the Company (calculated as at the end of each respective financial year) exceeding the High Watermark as at the financial year, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the Gross NAV.

The annual cap for the management fee and performance fee for the financial years ended/ending 31 December 2015, 2016 and 2017 are HK\$10,000,000, HK\$12,500,000 and HK\$1,800,000 respectively (2014: HK\$3,050,000). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014. There was no performance fee paid for the financial year ended 31 December 2014.

- (b) The Company entered corporate financial advisory agreement with the investment manager as referred to in (a) above on 28 May 2014 for corporate finance advisory service in relation to the compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited. The investment manager is entitled to a monthly fee of HK\$30,000 for its services pursuant to the corporate financial advisory agreement.

The annual cap for the corporate finance advisory fee for the financial years ended/ending 31 December 2015, 2016 and 2017 are HK\$360,000, HK\$360,000 and HK\$150,000 respectively (2014: HK\$210,000). These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

- (c) Pursuant to a custodian agreement dated 30 June 2009 between the Company and a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group.

The custodian is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 31. Connected and Related Party Transactions (Continued)

- (d) As disclosed in note 27 on the financial statements and the purchase announcement made on 6 March 2015. The Company and Ms. Chan Pui Kwan (“Ms. Chan”) and Mr. Ma Chun Fai (“Mr. Ma”), both are non-executive directors of the Company, have entered into a Sale and Purchase Agreement (“the Agreement”) dated 6 March 2015 in relation to the acquisition of the share capital of US\$2 (equivalent to HK\$15.60) divided into 2 shares of US\$1 each and the loan of HK\$10,498,854 of Rainbow Ocean at a cash consideration of HK\$9,500,000.

Rainbow Ocean was 50% owned by Ms. Chan and 50% by Mr. Ma. Each of them is a substantial shareholder of the Company with indirect holding through Sharp Years Limited which holds 254,500,000 shares in the Company, representing approximately 13.40% of the issued share capital of the Company. Accordingly, they are connected persons of the Company and the acquisition constituted a connected transaction of the Company for the year ended 31 December 2015, but the transaction falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

As disclosed in note 18 on the financial statements, the principal activity of Rainbow Ocean is investment holding. Rainbow Ocean own 25% of the equity interest of Purple Link which holds 25% of the property project in Thailand. That is a residential and commercial condominium development project located in land plot number 69, 68 109, 121 and 351, Nong Prue Sub-district, Banglamung District, Chonburi Province, Thailand, targeted at international buyers and holiday home of Bangkok Thai families. The property units comprised 87 resort residential condominium units with a total gross area of 3,983 square meters.

- (e) The remuneration of directors and other members of key management during the year were disclosed in note 13.
- (f) Detail of the balances with a director is disclosed in note 23 on the financial statements.

The above transactions were carried out in the normal course of the Group’s business on terms mutually agreed between the parties.

The related party transactions in respect of item (a) to (d) above also fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

32. Statement of Financial Position and Reserve Movement of the Company

- (a) Information about the statement of financial position at the end of the reporting period is as follows:

	2015 HK\$	2014 HK\$
<b>Non-current assets</b>		
Property, plant and equipment	358,132	376,741
Investments in subsidiaries	121,048	39
Loan to subsidiaries	66,930,304	28,000,000
Amounts due from subsidiaries	3,464,531	243,086
	<b>70,874,015</b>	28,619,866
<b>Current assets</b>		
Loan to subsidiaries	5,000,000	—
Other receivables, deposits and prepayments	533,269	635,158
Financial assets at fair value through profit or loss	12,399,628	8,506,508
Cash and bank balances	69,291,017	113,854,617
	<b>87,223,914</b>	122,996,283
<b>Current liabilities</b>		
Amount due to a director	—	400,000
Other payables and accruals	1,211,692	1,334,095
	<b>1,211,692</b>	1,734,095
<b>Net current assets</b>	<b>86,012,222</b>	121,262,188
<b>Net assets</b>	<b>156,886,237</b>	149,882,054
<b>Capital and reserves</b>		
Share capital	18,995,000	18,995,000
Reserves	137,891,237	130,887,054
<b>Total equity</b>	<b>156,886,237</b>	149,882,054

The statements of financial position of the Company was approved and authorised for issue by the board of directors on 21 March 2016.

**Leung King Yue, Alex**  
Executive Director

**Lewis Chan**  
Executive Director

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

### 32. Statement of Financial Position and Reserve Movement of the Company (Continued)

(b) A summary of the Company's reserve is as follows:

	<b>Share premium</b> HK\$	<b>Accumulated losses</b> HK\$	<b>Total</b> HK\$
Balance as at 1 January 2014	67,320,071	(91,553,252)	(24,233,181)
Loss and total comprehensive loss for the year	—	(8,574,254)	(8,574,254)
Allotment of shares	164,475,000	—	164,475,000
Transaction cost on allotment of shares	(780,511)	—	(780,511)
Balance as at 31 December 2014 and 1 January 2015	231,014,560	(100,127,506)	130,887,054
Profit and total comprehensive income for the year	—	7,004,183	7,004,183
Balance as at 31 December 2015	231,014,560	(93,123,323)	137,891,237

### 33. Subsequent Events

On 6 January 2016, a wholly-owned subsidiary of the Group, Ace Perfection Group Limited ("Ace Perfection"), signed a subscription agreement with China Land International Investments Limited ("China Land") pursuant to which Ace Perfection agreed to subscribe for a one year 2% per month coupon unlisted bond due on 5 January 2017 issued by China Land in an aggregate amount of HK\$30,000,000.