China Bio Cassava Holdings Limited
中國生物資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8129)

ANNUAL REPORT 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Kwan Kin Chung *(Managing Director)*
Mr. Yu Huaguo
Mr. Poon Yu Keung
Mr. Hung Ching Fung

NON-EXECUTIVE DIRECTOR

Mr. Leung Lap Yan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tse On Kin *(Chairman)*
Mr. Chow Wing Tung
Mr. Ko Wai Lun Warren

COMPLIANCE OFFICER

Mr. Poon Yu Keung

AUDIT COMMITTEE

Mr. Chow Wing Tung *(Chairman)*
Mr. Tse On Kin
Mr. Ko Wai Lun Warren

REMUNERATION COMMITTEE

Mr. Chow Wing Tung *(Chairman)*
Mr. Tse On Kin
Mr. Ko Wai Lun Warren

NOMINATION COMMITTEE

Mr. Chow Wing Tung *(Chairman)*
Mr. Tse On Kin
Mr. Ko Wai Lun Warren

AUTHORISED REPRESENTATIVES

Mr. Kwan Kin Chung
Mr. Poon Yu Keung

COMPANY SECRETARY

Ms. Chan Pui Chi

AUDITORS

ZHONGLEI (HK) CPA Company Limited
Suites 313-316, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1810, 18/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4/F, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Island

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F, Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

LEGAL ADVISERS

as to Hong Kong law
Michael Li & Co.
19/F., Prosperity Tower
No. 39 Queen's Road Central, Central
Hong Kong

as to Cayman Islands law
Maples and Calder
53/F, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL BANK

The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

8129

WEBSITE ADDRESS

www.bio-cassava.com

Management's Discussion and Analysis

HIGHLIGHTS OF THE YEAR

The Group recorded a turnover of HK$7,322,000 for the year ended 31 December 2015, representing a decrease of 19.7% from the previous year.

The Group recorded loan interest income of HK$3,313,000 from provision of financing services for the year ended 31 December 2015, representing a decrease of 32.7% from the previous year (2014: HK$4,920,000).

The Group recorded revenue of HK$1,462,000 from sales and licensing of software and embedded systems through online platform for the year ended 31 December 2015, representing an increase of 37.7% from the previous year (2014: HK$1,062,000).

Packaged software sales for the year ended 31 December 2015 was HK$2,547,000, representing a decrease of 18.8% from the previous year (2014: HK$3,136,000).

The Group's total operating expenses in 2015 decreased by HK$1,704,000, representing a decrease of 9.8% from the previous year. The decrease is primarily attributable to the result of adopting more tightened cost policies for the Group.

The Group recorded a net loss attributable to owners of the Company for the year ended 31 December 2015 for HK$7,132,000 (2014: HK$25,922,000). Loss per share attributable to the owners of the Company for the year ended 31 December 2015 was HK0.29 cent (loss per share for the year ended 31 December 2014: HK1.04 cents).

RESULTS

The consolidated turnover of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 amounted to HK$7,322,000, representing a decrease of 19.7% from the previous year. Loss attributable to owners of the Company for the year 2015 was HK$7,132,000 (2014: HK$25,922,000). The loss per share was HK0.29 cent (2014: HK1.04 cents).

REVIEW OF OPERATIONS

The Group continuously promotes and strengthens its market position in both provision of financing services and sales and licensing of software and embedded systems. However, economic downturns in retail and property market from second half of 2015 had negative effects to the Group's turnover and profitability. Although experiencing 4.5% decrease in sales and licensing of software and embedded systems, the launch of Q9 application in Apple iOS operating systems and Android operating system considered satisfactory since it represented a new era for the Group by entering the market in smartphone and tablet computers.

Since the Group has been focusing on property mortgage financing services, the interest income was adversely affected by the sluggish property market since second half of 2015. The interest income for the year had dropped 32.7%. A more tightened credit policies had also led to the decrease in interest income as the management's top concern would be minimizing the credit risk that the businesses would face. Managing credit risk has been challenging in property mortgage industry and the management has been enhancing the credit policies in order to improve the quality of our customers. In addition, our staffs served the customers more closely which led to a prompt response to changes in customers' behavior. A HK$1,797,000 reversal of provision of bad debt was an evidence of the improvement that the Group had made in regards to managing credit and business risks.

In 2015, the Group's total operating expenses decreased by HK$1,704,000 compared with 2014, representing a decrease of 9.8% from the previous year. Due to the uncertainty and ineffectiveness in development of biotech renewable energy, the Group has successfully minimized the cost of research and development of biotech renewable energy.

PROSPECTS

Economic experts emphasize that global economy will experience a downturn which led to inevitable downturns in retail industry and property market in Hong Kong for 2016. The level of the adverse effects are remained to be seen with all the uncertainties in economy surrounding the businesses. The management of the Group will closely monitor the businesses and prompt response will be made with the changes in market conditions. Improving credit risk assessment and balancing between the risks and benefits are the priorities for the management of the Group. Even a challenging business environment is anticipated, the Group will provide all necessary resources and supports for obtaining growth in profitability in financing services. The Group will also continue its marketing effort in promoting Q9 CIS & Qcode CIS to institutional customers and end users. New Qcode product is expected to launch in the first half of 2016. In addition, the Group will further minimize the cost of research and development in biotech renewable energy.

Currently, the Group does not have any commitment or future plans for material investments and capital assets.

ENVIRONMENTAL POLICIES AND COMPLIANCE WITH LAWS AND REGULATIONS

As a responsible corporation, the Group is committed to maintain a high environmental standard to ensure sustainable development of its business. The Group does not involve in any nature resources emissions. However, the Group executes various practices that improve energy efficiency, conserve resources for its operation and raise environmental awareness for the employees. The key environmental impacts from the Group's operations related to energy and paper consumption. The Group has been encouraging employees to switch to electronic documents by scanning to reduce the use of paper and switching off all electronic equipments after usage.

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements could lead to adverse impact on business operation and financial position of the Group. To the best knowledge of the Directors, the Group has complied with relevant laws and regulations that have a significant impact on the Group during the year ended 31 December 2015.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Our staff is regarded as the most important resource of the Group. The Group ensures all staff are reasonably remunerated and also continues to improve, review and update regularly its policies on remuneration and benefits, training, occupational health and safety.

We fully understand that employees, customers and partners are the key to our sustainable and stable development. The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure our sustainable development of the Group.

COMMITMENTS

The Group has no credit facilities and no borrowing outstanding as at 31 December 2015 (2014: Nil).

(a) Capital commitments

At 31 December 2015, the Group had no capital commitment (2014: Nil).

(b) Commitments under operating leases

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2015	2014
	HK$'000	HK$'000
Within one year	**1,556**	790
In the second to the fifth years, inclusive	**472**	402
	2,028	1,192

(c) Other commitment

At 31 December 2015, the Group had no other commitment (2014: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group has no interest bearing debt. The Group relies on its internal resources, the net proceeds from the placing of new shares and issue of warrants as the sources of funding. The Group keeps most of its cash in Hong Kong dollars in the bank accounts and a minimum amount of cash in Renminbi in the bank account of its subsidiaries in the PRC as working capital of the Group.

There was no borrowings on the Group's assets as at 31 December 2015 (2014: Nil).

The Group had no debt as at 31 December 2015 (2014: Nil).

The gearing ratio of the Group, based on total borrowings to shareholder's equity, was nil as at 31 December 2015 (2014: Nil).

ORDER BOOK

Due to the nature of the Group's business, the Group does not maintain an order book.

INVESTMENT

There was no significant investment made during the year ended 31 December 2015.

ACQUISITION, DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisition and disposal of subsidiaries or affiliated companies for the year ended 31 December 2015 (2014: Nil).

HUMAN RESOURCES

Staff number

As at 31 December 2015, the Group employed 32 staff (2014: 38). Total staff costs, including directors' emoluments were approximately HK$10.2 million for the year ended 31 December 2015 as compared with those of approximately HK$10.9 million in 2014.

Remuneration policies

The Group remunerated its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to the eligible staff by reference to the Group's performance as well as individual's performance.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently does not have any commitment or future plans for material investments and capital assets.

HEDGING POLICY

The Group does not have any material exposure to fluctuations in exchange or interest rates. Therefore, no hedging measures have been taken at present.

Management's Discussion and Analysis

CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2015 (2014: Nil).

CREDIT POLICY

The credit terms given to customers are generally based on the financial strengths of individual customers. The Group generally allows an average credit term of 0-30 days to its trade customers.

SEGMENTAL INFORMATION

Details of the segmental information are set out in Note 5 to the consolidated financial statements.

Chairman's Statement

Dear Shareholders,

2015 had been a challenging year for the Group's businesses. The Group had experienced a significant drop in revenue of 19.7%. However, the management has adopted more cost-controlled strategies and improved credit policies to lead to a decrease in losses for the Group. In the previous years, the Group was benefited from the prosperous property market but the management expected 2016 will be towards another directions. Tightening credit policies and enhancing customers' quality are the primary focuses in provision of financing services. The management of the Group, as always, will take the responsibilities to closely monitor any changes in the market condition and respond promptly in order to minimize all the business risks. The Group's existing Q9 CIS is still steadily developing in 2015. We expect to launch a new product in the first half of 2016 to be compatible with latest operating systems in order to satisfy customers' needs. Although the biggest concerns for 2016 will be the changes in global and China economies and how these effect towards our businesses, the management of the Group will continue to seek for potential opportunities and bring the greatest value to all shareholders.

Tse On Kin
Chairman and Independent Non-executive Director

Hong Kong, 18 March 2016

Corporate Governance Report

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Maintaining a good and solid framework of corporate governance will ensure the Company to run its business in the best interests of the shareholders. Throughout the year ended 31 December 2015 under review, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 15 of the Rules (the "GEM Listing Rules") Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors for the year ended 31 December 2015.

BOARD OF DIRECTORS

The board (the "Board") of directors (the "Directors") of the Company comprises of eight members, including four executive Directors (namely Messrs. Kwan Kin Chung, Yu Huaguo, Poon Yu Keung and Hung Ching Fung), a non-executive Director (namely Mr. Leung Lap Yan) and three independent non-executive Directors (namely Messrs. Tse On Kin, Chow Wing Tung and Ko Wai Lun Warren). The directors' biographical details are set out on pages 18 to 21 of this annual report.

Mr. Tse On Kin takes up the role of Chairman and no chief executive officer is appointed by the Company. However, the roles of the Managing Director of the Company, Mr. Kwan Kin Chung, are similar to chief executive officer. The Chairman's roles are convening meetings of the Board and make decision of the Group's business strategies. The Managing Director's responsibilities are to participate in the decision on essential matters of the Company and to monitor and manage the daily business of the Company. The roles and responsibilities of the two posts are well distinct.

The Board is accountable to shareholders for the activities and performance of the Group and for the preparation of financial statements which give a true and fair view. It oversees the Group's overall strategic plans, reviews the financial performance, supervises the management of the business and affairs and approves the strategic plans. The Board delegates the corporate matters to Management of the Group, including preparation of annual, interim and quarterly accounts, execution of the business strategies and adopted by the Board, implementation of internal controls system and compliance with relevant statutory requirement and other rules and regulations. Management is required to present an annual budget and proposals for major investment, addition of capital assets, and changes in business strategies for the Board's approval.

The Directors have been informed of the requirement under Code Provision A.6.5 of the Code regarding continuous professional development. For the year ended 31 December 2015, the Company has received training information from each Director, pursuant to the content of which, the Company considers that all Directors complied with the requirements under Code Provision A.6.5 of the Code.

During the year, the Board held four meetings to exercise its duties including discussing and making decisions on the Group's business strategic development, finance matters, material operational matters and other matters as required.

Currently, at every annual general meeting of the Company, all Directors including the Independent Non-executive Directors shall retire from office by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

All three Independent Non-executive Directors come from professional backgrounds and two of them have appropriate accounting or related financial management expertise. The Independent Non-executive Directors render their valuable expertise and experience for safeguarding the best interests of the Group. The Company has received from each of the Independent Non-executive Director the annual confirmation of his independent pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the Independent Non-executive Directors are independent.

Mr. Ko Wai Lun Warren and Mr. Tse On Kin were appointed as an Independent Non-executive Director on 13 February 2014 and 10 June 2014 respectively. Both of them have an appointment for a term of three years with the Company and are subject to retirement by rotation and re-election at every annual general meeting of the Company. Apart from this, the Independent Non-executive Directors and the non-executive Director of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at every annual general meeting of the Company.

The Board has established committees, namely Audit Committee, Remuneration Committee and Nomination Committee to oversee other particular aspects of the Company's affairs.

Statistics of Director's attendance at the regular Board Meeting:

Directors	**Attendance at Board Meetings/No. of Board Meeting held**
Executive Directors	
Mr. Kwan Kin Chung *(Managing Director)*	3/4
Mr. Yu Huaguo	4/4
Mr. Poon Yu Keung	4/4
Mr. Hung Ching Fung	4/4
Non-executive Director	
Mr. Leung Lap Yan	4/4
Independent Non-executive Directors	
Mr. Tse On Kin *(Chairman)*	4/4
Mr. Chow Wing Tung	4/4
Mr. Ko Wai Lun Warren	3/4

REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted in March 2012 with defined terms of reference. It's role is to review and determine the policy for the remunerations of the Directors and other senior management members. Currently, it comprises three Independent Non-executive Directors, namely Mr. Chow Wing Tung (as the Chairman of the Remuneration Committee), Mr. Tse On Kin and Mr. Ko Wai Lun Warren.

The Committee held a meeting during the year to discuss the policy and structure of the remuneration of the Directors and other senior management members.

The Remuneration Committee is mainly responsible for:

(a) Formulating remuneration policy for approval by the Board, which shall take into consideration factors such as salaries paid by comparable companies, employment conditions, and responsibilities, and individual performance of the Directors, senior management, and the general staff. Performance shall be measured against corporate goals and objectives resolved by the Board from time to time; and implement the remuneration policy laid down by the Board;

(b) Establishing guidelines for the recruitment of the chief executive and senior management;

(c) Recommending to the Board the policy and structure for the remuneration of Directors (including non-executive Directors, and the chief executive as an ex-officio member) and senior management whilst ensuring no Director or any of his associates is involved in deciding his own remuneration;

(d) Determining the remuneration of executive Directors (including the chief executive who is an ex-officio member) and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The chairman and/or the chief executive shall be consulted respectively about their proposals relating to the remuneration of the chief executive and/or senior management, as the case may be;

(e) Reviewing and approving the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive Directors and senior management which shall be fair and non excessive;

(f) Determining the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;

(g) Considering the annual performance bonus for executive Directors, senior management, and the general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendation to the Board;

(h) Engage such external professional advisors to assist and/or advise the Committee on issues as it considers necessary;

(i) Do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and

(j) Conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by applicable legislation and regulations.

Statistics of Remuneration Committee members' attendance at the Remuneration Committee Meeting:

Name of members	**Attendance at Remuneration Committee Meeting/ No. of Remuneration Committee Meeting held**
Mr. Chow Wing Tung *(Chairman)*	1/1
Mr. Ko Wai Lun Warren	1/1
Mr. Tse On Kin	1/1

NOMINATION COMMITTEE

The Nomination Committee was formed in March 2012 with defined terms of reference. It is mainly responsible for the formulation of the nomination policy, reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skill, knowledge and length of service) of the Board, nomination of candidates to fill casual vacancies of elected Directors, assessing non-executive Directors' independence, reviewing the time required from a Director to perform his responsibilities, and making recommendations to the Board on the succession planning for the chairman, the chief executive as well as the senior management. Currently, it comprises three Independent Non-executive Directors, namely Mr. Chow Wing Tung (as the Chairman of the Nomination Committee), Mr. Tse On Kin and Mr. Ko Wai Lun Warren.

The Nomination Committee shall meet as least annually and whenever it considers necessary.

During the year, the Board held a meeting to review the structure, size and diversity of the Board.

Statistics of Nomination Committee members' attendance at the Nomination Committee Meeting:

Name of members	Attendance at Nomination Committee Meeting/ No. of Nomination Committee Meeting held
Mr. Chow Wing Tung *(Chairman)*	1/1
Mr. Ko Wai Lun Warren	1/1
Mr. Tse On Kin	1/1

AUDIT COMMITTEE

The Audit Committee has been established since the listing of the Company on the GEM. Currently, it comprises three Independent Non-executive Directors, namely Mr. Chow Wing Tung (as the Chairman of the Audit Committee), Mr. Tse On Kin and Mr. Ko Wai Lun Warren. The term of reference describing the authorities and duties of the Audit Committee were adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountant and the Code published by the Stock Exchange.

The Audit Committee meets regularly to review the reporting of financial and other information to shareholders.

Statistics of Audit Committee members' attendance at the Audit Committee Meeting:

Name of members	Attendance at Audit Committee Meetings/ No. of Audit Committee Meeting held
Mr. Chow Wing Tung *(Chairman)*	4/4
Mr. Ko Wai Lun Warren	3/4
Mr. Tse On Kin	4/4

COMPANY SECRETARY

Ms. Chan Pui Chi, the company secretary of the Company, is a full time employee of the Company. During the year, the company secretary has duly complied with the relevant professional training requirement under Rule 5.15 of the GEM Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for ensuring that an adequate system of internal controls is maintained in place within the Group, and for reviewing its effectiveness together with the Audit Committee.

The internal control system of the Group comprises of a well-defined management structure with specified limits of authority and control procedures, designed to achieve the following objectives: (a) ensure proper maintenance of account records; (b) ensure the completeness and accuracy of accounting transactions recorded in the accounting system, and timely reporting of actual financial results of the Group with comparison against budgets; (c) safeguard the Group's assets and management acts within its limits of authorities; and (d) ensure compliance with relevant legislation, regulations and listing rules, including but not limited to present a balanced, clear and understandable assessment and regular review of the Group's financial reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and report to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The Audit Committee discharged its responsibilities, reviewed and discussed the financial results, risk management and internal control system of the Group. All material financial results, risk management and internal control system of the Group have been discussed and reviewed.

Management maintains and monitors the system of internal controls on an ongoing basis. Based on the evaluations made by the Board and external auditors, the Audit Committee is satisfied that the Group has fully complied with the Code Provisions on internal controls during the year as set forth in the Code, except that an internal audit function has not been set up within the Group.

EXTERNAL AUDITORS

During the year, the external auditors, ZHONGLEI (HK) CPA Company Limited, provided its annual audit services, review of the interim results and taxation advisory service to the Group. The Audit Committee is responsible for considering the appointment of the external auditors and reviewing the non-audit functions, if any, performed by the external auditors. In particular, the Audit Committee also considers, before they are contracted for such service, whether such non-audit service could lead to any potential material conflict of interest. Nothing has come to the Board's attention to cause the Audit Committee to believe that the non-audit services provided by the external auditors would affect their independence, objectivity and effectiveness in the audit processes in accordance with applicable standards.

The remuneration in respect of services provided by ZHONGLEI (HK) CPA Company Limited for the year ended 31 December 2015 are as follow:

	2015
	HK$
Annual audit services	390,000

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings

Pursuant to the article 72 of the articles of association of the Company, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures by which enquiries may be put to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Board/ Company Secretary at the Company's principal place of business in Hong Kong. For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law. Shareholders may also make enquiries with the Board at the general meetings of the Company.

During the year ended 31 December 2015, there has been no significant change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

Information shall be communicated to shareholders through the Company's financial reports (quarterly, interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the (i) corporate communication documents including, but not limited to, copy of annual reports, interim reports, quarterly reports, notices of meeting, circulars, proxy forms; (ii) other documents issued by the Company which are published on the website of the GEM of the Stock Exchange for the information or action of holders of any of its securities, including announcements, monthly returns on movements in the Company's securities for each month and next day disclosure returns; (iii) constitutional documents of the Company and board committees; (iv) corporate information including list of Directors; and (v) other corporate publications including the procedures shareholders can use to propose a person for election as a Director on the Company's website.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Kwan Kin Chung, aged 46, joined the Group in February 2001 and was appointed as an Executive Director. He was subsequently appointed as the Managing Director of the Company in January 2007 and responsible for the restructuring of the group businesses and corporate investments. He holds directorship in certain subsidiaries of the Company. From 1998 to 2002, Mr. Kwan held the position as a vice president of Culturecom Holdings Limited ("Culturecom"), a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 343), a substantial shareholder of the Company. He is currently the managing director of Culturecom. Mr. Kwan holds a Bachelor of Arts in Economics from Zhongshan University, Guangzhou, the PRC.

Mr. Yu Huaguo, aged 49, was appointed as an Executive Director in March 2013. He holds directorship in certain subsidiaries of the Company. He holds a Master degree of Business Administration from the Hong Kong Polytechnic University. Mr. Yu has over 20 years of experience in finance, capital securities and enterprise management. He is also a director of Poly Opulence Limited (a member of China Poly Group).

Mr. Yu was an executive director of Zhuhai Holdings Investment Group Limited (formerly known as Jiuzhou Development Company Limited) ("ZHIGL"), a company whose shares are listed on the Stock Exchange (Stock Code: 908), and a deputy general manager of Zhuhai Jiuzhou Port Group Corporation (a substantial shareholder of ZHIGL) from 2006 to 2008. He was also the chief executive officer of Culturecom from May 2008 to March 2014.

Mr. Poon Yu Keung, aged 51, was appointed as an Executive Director in June 2013. He holds directorship in a subsidiary of the Company. Mr. Poon is currently an independent non-executive director of Renewable Energy Trade Board Corporation (formerly known as "China Technology Development Group Corporation"), a company whose shares were listed on NASDAQ stock exchange and has voluntarily delisted since February 2013. Mr. Poon was the financial controller and company secretary of ZHIGL for the period from April 1998 to December 2011. Prior to joining ZHIGL, he worked in an international public accounting firm and assumed the accounting and financial management positions in a number of China affiliated and multinational companies.

Mr. Poon graduated from The Hong Kong Polytechnic (now known as "The Hong Kong Polytechnic University") with a Professional Diploma in Accountancy and obtained an Executive Master Degree of Business Administration from The Chinese University of Hong Kong in 2004. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Poon has over twenty years' experience in auditing, accounting and finance.

Mr. Hung Ching Fung, aged 32, was appointed as an Executive Director in August 2013. He holds directorship in a subsidiary of the Company. He graduated from Macquarie University in Australia with a Bachelor Degree in Commerce in 2006. Mr. Hung worked as an auditor in Deloitte Touche Tohmatsu and Grant Thornton from 2007 to 2010. He is a full member of CPA Australia.

Mr. Hung is currently an executive director of Jimei International Entertainment Group Limited, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 1159). He is also a non-executive director of Asa Resource Group Plc. whose shares are listed on the London Stock Exchange (AIM) market (AIM Stock Code: ASA).

NON-EXECUTIVE DIRECTOR

Mr. Leung Lap Yan, aged 67, was appointed as the Chairman and an Executive Director in 2001. He was re-designated as a Non-executive Director in May 2007 and remains as the Chairman of the Company after the re-designation. Subsequently, he stepped down from his position of the Chairman in June 2014. Apart from being an inventor, Mr. Leung is a well known script writer, having written such dramas as New Justice Pao, Dynasty and The Pride of Chao Zhou. From 1978 to 1980, Mr. Leung was employed as the manager of programme planning of Rediffusion Television and from 1986 to 1989 as the assistant to the controller of production of Television Broadcasts Limited. During the period 1983 to 1986, he was the director (drama) of the Singapore Broadcasting Corporation. In 1993, he moved to Taiwan where he developed the first version of QCode, a character input system. A year later he worked together with Mr. Lau Man Kin to upgrade QCode and founded the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tse On Kin, aged 54, was appointed as an Independent Non-executive Director and the Chairman in June 2014. He is a member of each of the audit committee, remuneration committee and nomination committee of the Company. Mr. Tse is currently an executive director of Asia Energy Logistics Group Limited whose shares are listed on the main board of the Stock Exchange (Stock Code: 351). He has over 20 years of management experience covering corporate planning, restructure, business development, project injection, merger and acquisition. Mr. Tse has a bachelor's degree in Public Policy and Administration from York University in Canada.

Biographical Details of Directors

Mr. Chow Wing Tung, aged 41, was appointed as an Independent Non-executive Director in June 2013. He is the chairman of each of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chow graduated from the University of Toronto with a Bachelor degree in Commerce in 1997. He is the financial controller of Synear Food Holdings Limited ("Synear") since April 2005. Synear and its subsidiaries engage in the manufacture and sales of quick freeze food products in the PRC and whose shares were listed on the main board of Singapore Exchange Securities Trading Limited ("Singapore Exchange") and has voluntarily delisted since December 2013. He is also an independent non-executive director of Jimei International Entertainment Group Limited whose shares are listed on the main board of the Stock Exchange (Stock Code: 1159).

Mr. Chow worked as an auditor in Deloitte Touche Tohmatsu from January 1998 to December 2003. From January 2004 to January 2005, Mr. Chow was the financial controller of China Paper Holdings Limited, a company engaged in the manufacture and sales of paper and paper chemical products in the PRC and whose shares are listed on the main board of Singapore Exchange. He is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ko Wai Lun Warren, aged 48, was appointed as an Independent Non-executive Director in February 2014. He is a member of each of the audit committee, remuneration committee and nomination committee of the Company. Mr. Ko was educated in England and Canada. He obtained his Bachelor of Science Degree from Simon Fraser University in Canada and Bachelor of Laws Degree from University of Leeds in England. He is currently a partner at the law firm, Robertsons and specializes in corporate finance work including initial public offerings, mergers and acquisitions, gaming and restructuring. Mr. Ko is a solicitor of The Supreme Court of Hong Kong Special Administrative Region and The Supreme Court of England and Wales.

Mr. Ko is an independent non-executive director of each of Li Heng Chemical Fibre Technologies Limited whose shares are listed on Singapore Exchange and Roma Group Limited whose shares are listed on GEM (Stock Code: 8072). Mr. Ko was a non-executive director of Global Tech (Holdings) Limited, whose shares are listed on the main board of the Stock Exchange (Stock Code: 143) and Singapore Exchange, from September 2003 to March 2016.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in information of Directors are set out below:

Name of Directors	Details of Changes
Mr. Hung Ching Fung	Appointed as a non-executive director of Asa Resource Group Plc., whose shares are listed on the London Stock Exchange (AIM) market (AIM Stock Code: ASA), on 29 September 2015
Mr. Tse On Kin	Re-designated from a non-executive director to an executive director of Asia Energy Logistics Group Limited, whose shares are listed on the main board of the Stock Exchange (Stock Code: 351), on 20 July 2015
Mr. Ko Wai Lun Warren	Resigned as a non-executive director of Global Tech (Holdings) Limited, whose shares are listed on the main board of the Stock Exchange (Stock Code: 143) and Singapore Exchange, on 11 March 2016

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in Note 32 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 and the state of its affairs of the Group at that date are set out in the consolidated financial statements on pages 38 to 42.

The Board did not recommend the payment of final dividend for the year ended 31 December 2015.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out in the section headed "Management Discussion and Analysis" of this Annual Report.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on page 41 and Note 31 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in Note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 22 to the consolidated financial statements.

SUBSCRIPTION OF UNLISTED WARRANTS

On 9 May 2014, the Company entered into the warrant subscription agreements with not less than six independent warrant subscribers in relation to the warrant subscription of a total of 496,180,000 unlisted warrants by the warrant subscribers at the warrant issue price of HK$0.015 per warrant. Upon the exercise of the subscription rights attaching to the warrants in full, a maximum of 496,180,000 new ordinary shares of HK$0.01 each in the share capital of the Company (with an aggregate nominal value of HK$4,961,800), will be issued and allotted by the Company at a subscription price of HK$0.16 per New Shares. As at 9 May 2014 (the date where the terms of the unlisted warrants were fixed), the market closing price per shares of the Company was HK$0.163.

The warrant subscription was completed on 22 May 2014. An aggregate of 496,180,000 unlisted warrants, which are exercisable during two years from 22 May 2014 to 21 May 2016 (both days inclusive), have been issued to the warrant subscribers. The Board considers that the warrant subscription represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company.

The net proceeds from the warrant subscription, after the deduction of the related expenses, was approximately HK$6,952,000, represented a net price of approximately HK$0.014 per warrant. The net proceeds from the warrant subscription have been used as general working capital of the Group.

During the year ended 31 December 2015, no warrants were exercised.

ADVANCE TO ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arises where advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 31 December 2015, the Company's total assets were approximately HK$36,741,000. Pursuant to Rule 17.22 of the GEM Listing Rules, details of the advance which remained outstanding as at 31 December 2015 were set out below.

Loan Agreement A

Date of Agreement:	18 March 2015
Lender:	Fortune Credit Limited, an indirect wholly-owned subsidiary of the Company
Borrower:	Customer A, an individual and third party independent of the Company
Principal:	HK$7,000,000
Interest rate:	18% per annum
Term:	12 months
Repayment:	Customer A shall pay the interest accrued on the loan on a monthly basis and shall repay the principal amount of the loan together with any outstanding interest accrued thereon on the due date of the loan.
Collateral:	A second mortgage in respect of properties located in Hong Kong

Loan Agreement B

Date of Agreement:	22 June 2015
Lender:	Fortune Credit Limited, an indirect wholly-owned subsidiary of the Company
Borrower:	Customer B, an individual and third party independent of the Company
Principal:	HK$5,000,000
Interest rate:	18% per annum
Term:	12 months
Repayment:	Customer B shall pay the interest accrued on the loan on a monthly basis and shall repay the principal amount of the loan together with any outstanding interest accrued thereon on the due date of the loan.
Collateral:	A second mortgage in respect of properties located in Hong Kong

Note:

It is required under Rule 17.17(3) of the GEM Listing Rules to disclose the identities of the Customer A and Customer B (the "Customers"). As each of the Customer is unwilling to disclose his identity to public and also for other commercial considerations, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 17.17(3) of the GEM Listing Rules to disclose the identities of the Customers.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for last five financial years is set out on page 110.

DISTRIBUTABLE RESERVES

In accordance with the Companies Law of Cayman Islands, the Company has no reserves available for distribution to the shareholders as at 31 December 2015 (2014: Nil). The payment of dividends and distribution out of the share premium account is however subject to a solvency test of the Company and the provisions of the Articles of Association of the Company.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year ended 31 December 2015. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date prior to the issue of this annual report, to the best knowledge of the Directors and based on the information publicly available to the Company, there is a sufficient public float as required by the GEM Listing Rules.

DONATIONS

During the year ended 31 December 2015, the Group did not make any charitable donations.

Directors' Report

DIRECTORS

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

Executive Directors
Mr. Kwan Kin Chung *(Managing Director)*
Mr. Yu Huaguo
Mr. Poon Yu Keung
Mr. Hung Ching Fung

Non-executive Director
Mr. Leung Lap Yan

Independent Non-executive Directors
Mr. Tse On Kin *(Chairman)*
Mr. Chow Wing Tung
Mr. Ko Wai Lun Warren

In accordance with Article 116 of the Company's Articles of Association, all Directors retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of Directors are set out on pages 18 to 21.

DIRECTORS' SERVICE CONTRACTS

None of Directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director and the Director's connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2015.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, save for the interest of the Directors in share options as below, neither of the Directors nor the chief executive of the Company had interests and/or short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)("SFO") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Share Option

As at 31 December 2015, there were a total of 14,300,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

		Options to subscribe for shares of the Company							
Directors	Date of grant	Outstanding as at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2015	Option exercise period	Exercise price per share	Approximate percentage of shareholding
Kwan Kin Chung	29/5/2007	4,000,000	–	–	–	**4,000,000**	29/5/2007 to 28/5/2017	HK$0.450	0.26%
	21/9/2011	1,250,000	–	–	–	**1,250,000**	21/9/2011 to 20/9/2021	HK$0.172	
	10/1/2014	1,200,000	–	–	–	**1,200,000**	10/1/2014 to 9/1/2024	HK$0.147	
Yu Huaguo	10/1/2014	1,200,000	–	–	–	**1,200,000**	10/1/2014 to 9/1/2024	HK$0.147	0.05%
Poon Yu Keung	10/1/2014	1,200,000	–	–	–	**1,200,000**	10/1/2014 to 9/1/2024	HK$0.147	0.05%
Hung Ching Fung	10/1/2014	1,200,000	–	–	–	**1,200,000**	10/1/2014 to 9/1/2024	HK$0.147	0.05%
Leung Lap Yan	29/5/2007	2,000,000	–	–	–	**2,000,000**	29/5/2007 to 28/5/2017	HK$0.450	0.13%
	21/9/2011	250,000	–	–	–	**250,000**	21/9/2011 to 20/9/2021	HK$0.172	
	10/1/2014	1,000,000	–	–	–	**1,000,000**	10/1/2014 to 9/1/2024	HK$0.147	
Chow Wing Tung	10/1/2014	1,000,000	–	–	–	**1,000,000**	10/1/2014 to 9/1/2024	HK$0.147	0.04%
Total		14,300,000	–	–	–	**14,300,000**			

Note:

The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 31 December 2015, all options have been vested.

Save as disclosed above, none of the Directors or the chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 December 2015.

SHARE OPTION SCHEMES

On 27 April 2007, a new share option scheme (the "New Share Option Scheme") was adopted by the shareholders of the Company and the share option scheme adopted by the Company on 30 April 2002 (the "Old Share Option Scheme") was terminated accordingly on the same date. No share option was outstanding under the Old Share Option Scheme. A summary of the New Share Option Scheme is as follows:

1. Purpose

The purpose of the New Share Option Scheme is to enable the Board to grant options to eligible participants as incentives and/or rewards in recognition or acknowledgement of the contributions that eligible participants have made and/or will make to the Group.

The New Share Option Scheme will provide the eligible participants with an opportunity to have a personal stake in the Company and the Directors believe this will motivate the eligible participants to utilise their performance and efficiency for the benefit of the Group and will attract and retain or otherwise maintain an on-going relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Company.

2. Eligible participants

The eligible participants of the New Share Option Scheme may include:

(a) any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner or advisers of or contractor to the Group or any Invested Entity;

(b) any discretionary trust whose discretionary objects include any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and

(c) any company beneficially owned by any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity.

3. Total number of shares available for issue

As of the date of this annual report, the total number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme was 607,580,000 Shares, representing about 24.48% of the shares in issue at the date of this report.

4. Maximum entitlement of each eligible participant

Unless approved by the shareholders, the total number of securities issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% of the shares in issue. Where any further grant of options to an eligible participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such eligible participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by the shareholders in general meeting with such eligible participant and his associates abstaining from voting. The Company must send a circular to the shareholders and the circular must disclose the identity of the eligible participant, the number and terms of the options to be granted (and options previously granted to such eligible participant).

5. Time of exercise of option

An option shall be exercisable at any time during an option period to be notified by the Board to each grantee, provided that no option shall be exercisable later than ten years after its date of grant.

6. Minimum period for which any option must be held

Unless otherwise determined by the Board at its sole discretion, there is no minimum period for which an option must be held before such an option can be exercised under the terms of the New Share Option Scheme.

7. Amount payable upon acceptance of option

HK$1.00 is payable by each eligible participant to the Company on acceptance of an offer of an option, which shall be paid on or before the last day by which the offer must be accepted.

8. Basis of determining the exercise price

The exercise price shall be at the discretion of the Board, but it must be at least the highest of: (a) the closing price of a share as stated in the daily quotations sheet of the Stock Exchange on the date of grant which must be a business day; and (b) the average of the closing prices of the shares as shown on the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

9. The remaining life of the New Share Option Scheme

The New Share Option Scheme shall commence on the date on which the New Share Option Scheme is approved by a resolution of shareholders at a general meeting of the Company and shall continue in force until and including the date immediately preceding the tenth anniversary of the date of commencement.

As at 31 December 2015, options to subscribe for up to an aggregate of 607,580,000 shares of HK$0.01 each had been granted by the Company under the New Share Option Scheme. Details of the share options which had been granted under the Share Option Scheme are as follows:

Category of participant	Date of grant	Options to subscribe for shares of the Company: Outstanding as at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2015	Option exercise period	Exercise price per share
Directors	29/5/2007	6,000,000	–	–	–	**6,000,000**	29/5/2007 to 28/5/2017	HK$0.450
	21/9/2011	1,500,000	–	–	–	**1,500,000**	21/9/2011 to 20/9/2021	HK$0.172
	10/1/2014	6,800,000	–	–	–	**6,800,000**	10/1/2014 to 9/1/2024	HK$0.147
Employees other than the Directors	29/5/2007	3,000,000	–	–	–	**3,000,000**	29/5/2007 to 28/5/2017	HK$0.450
	21/9/2011	1,375,000	–	–	–	**1,375,000**	21/9/2011 to 20/9/2021	HK$0.172
	10/1/2014	2,000,000	–	–	–	**2,000,000**	10/1/2014 to 9/1/2024	HK$0.147
Consultants	29/5/2007	163,190,000	–	–	–	**163,190,000**	29/5/2007 to 28/5/2017	HK$0.450
	21/9/2011	186,625,000	–	–	–	**186,625,000**	21/9/2011 to 20/9/2021	HK$0.172
	10/1/2014	237,090,000	–	–	–	**237,090,000**	10/1/2014 to 9/1/2024	HK$0.147
Total		607,580,000	–	–	–	**607,580,000**		

Notes:

1. The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 31 December 2015, all options have been vested.

2. During the year ended 31 December 2015, there were no options being exercised, cancelled and lapsed.

Details of options granted to the Directors under the Share Option Scheme are set out in the sub-section headed "Long Positions in Underlying Shares of the Company" under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

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

As at 31 December 2015, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and chief executives) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long positions in shares of the Company

Name of shareholders	Number of shares	Approximate percentage holding
Winway H.K. Investments Limited	524,622,500	21.14%
Culturecom Holdings Limited *(Note)*	524,622,500	21.14%

Note:

Winway H.K. Investments Limited is a wholly-owned subsidiary of Culturecom Investments Limited, which is, in turn, a wholly-owned subsidiary of Culturecom Holdings (BVI) Limited. Culturecom Holdings (BVI) Limited is a wholly-owned subsidiary of Culturecom Holdings Limited. Each of Culturecom Investments Limited, Culturecom Holding (BVI) Limited and Culturecom Holdings Limited is deemed to be interested in 524,622,500 shares through its controlling interest (100%) in Winway H.K. Investments Limited.

Save as disclosed above, as at 31 December 2015, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases of goods	
– the largest supplier	46.9%
– five largest suppliers combined	94.9%
Sales of goods	
– the largest customer	20.1%
– five largest customers combined	40.8%
Interest Income from loan customers	
– the largest customer	30.7%
– five largest customers combined	85.3%

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

MANAGEMENT CONTRACTS

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

INTERESTS IN COMPETING BUSINESS

Mr. Chow Wing Tung, an Independent Non-executive Director, held share interests in Great Harvest Finance Limited which is principally engaged in the business of hire purchase car financing. Mr. Chow was therefore considered to have interests in businesses which compete or are like to compete with the businesses of the Group pursuant to the GEM Listing Rules.

As the businesses of the Company and the above entity are operated under separate management with no reliance (whether financial or business) on each other, the Group is able to operates its businesses independently of, and at arm's length from the competing entity.

Saved as disclosed above, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Confirmation of independence has been received from each of the Independent Non-executive Director and the Company considers all existing Independent Non-executive Directors to be independent.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Director on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the year ended 31 December 2015.

EQUITY-LINKED AGREEMENTS

Saved as disclosed under the section headed "Subscription of Unlisted Warrants" and "Share Option Schemes" above, no equity-linked agreements were entered into by the Group, or subsisted at the end of the year or at any time during the year ended 31 December 2015.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 10 to 17 of the annual report.

AUDIT COMMITTEE

The Audit Committee, with written terms of reference in compliance with Code Provision C.3.3 of the Code, currently comprises three Independent Non-executive Directors, namely Mr. Chow Wing Tung, Mr. Tse On Kin and Mr. Ko Wai Lun Warren. Mr. Chow Wing Tung is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control procedures. The Group's audited annual results has been reviewed by the Audit Committee together with management, which was of the opinion that the preparation of such results were complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

AUDITORS

The consolidated financial statements have been audited by ZHONGLEI (HK) CPA Company Limited, who will retire and being eligible at the forthcoming annual general meeting.

On behalf of the Board

Kwan Kin Chung
Managing Director

Hong Kong, 18 March 2016

Independent Auditors' Report

中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

TO THE MEMBERS OF CHINA BIO CASSAVA HOLDINGS LIMITED
(中國生物資源控股有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Bio Cassava Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 109, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, 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, in accordance with our agreed terms of engagement, 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.

AUDITOR'S RESPONSIBILITY *(Continued)*

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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)
Lam Chik Tong
Practising Certificate Number: P05612

Suites 313-316, 3/F., Shui On Centre,
6-8 Harbour Road,
Wan Chai,
Hong Kong

18 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5		
– Interest income		**3,313**	4,920
– Sales and licensing of software and embedded systems		**4,009**	4,198
		7,322	9,118
Cost of sales		**(122)**	(146)
Gross profit		**7,200**	8,972
Interest income		**5**	3
Other income		**25**	17
Reversal of impairment loss in respect of loan and interest receivables	18	**1,797**	47
Selling and distribution expenses		**(1,141)**	(1,232)
Research and development expenses		**(2,115)**	(2,738)
General and administrative expenses		**(12,345)**	(13,335)
Equity-settled share based payments		**–**	(17,398)
Loss before taxation		**(6,574)**	(25,664)
Income tax expense	6	**(558)**	(258)
Loss for the year	8	**(7,132)**	(25,922)
Loss per share			
– Basic (HK cents)	10	**(0.29)**	(1.04)
– Diluted (HK cents)		**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Loss for the year	**(7,132)**	(25,922)
Other comprehensive expense, net of income tax		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences arising on translation of foreign operations	**(91)**	(3)
Total comprehensive expense for the year	**(7,223)**	(25,925)
Total comprehensive expense attributable to owners of the Company	**(7,223)**	(25,925)

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**276**	392
Loan and interest receivables – non-current portion	18	**1,912**	6,000
Intangible assets	12	**–**	–
Deferred tax asset	13	**–**	289
Goodwill	14	**609**	609
		2,797	7,290
CURRENT ASSETS			
Inventories	15	**61**	38
Financial assets at fair value through profit or loss	16	**102**	102
Trade and other receivables	17	**1,112**	1,146
Loan and interest receivables – current portion	18	**17,714**	11,932
Bank balances and cash	19	**14,955**	22,693
		33,944	35,911
CURRENT LIABILITIES			
Trade and other payables	20	**2,174**	2,639
Income tax liability		**600**	547
Amounts due to directors	21	**2,241**	1,066
		5,015	4,252
NET CURRENT ASSETS		**28,929**	31,659
NET ASSETS		**31,726**	38,949
CAPITAL AND RESERVES			
Share capital	22	**24,822**	24,822
Reserves		**6,904**	14,127
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**31,726**	38,949

The consolidated financial statements on pages 38 to 109 were approved and authorised for issue by the board of directors on 18 March 2016 and are signed on its behalf by:

Kwan Kin Chung
Director

Yu Huaguo
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000 *(Note 24)*	Capital redemption reserve HK$'000	Warrant reserve HK$'000 *(Note 23)*	Reorganisation reserve HK$'000 *(Note below)*	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Total HK$'000
		Reserves								
At 1 January 2014	24,809	162,957	50,286	37	–	3,000	(143)	(200,612)	15,525	40,334
Loss for the year	–	–	–	–	–	–	–	(25,922)	(25,922)	(25,922)
Other comprehensive expense for the year, net of income tax	–	–	–	–	–	–	(3)	–	(3)	(3)
Total comprehensive expense for the year	–	–	–	–	–	–	(3)	(25,922)	(25,925)	(25,925)
Placement of warrants *(Note 23)*	–	–	–	–	7,443	–	–	–	7,443	7,443
Transactions cost attributable to issue of warrants *(Note 23)*	–	–	–	–	(491)	–	–	–	(491)	(491)
Recognition of equity-settled share based payments *(Note 24)*	–	–	17,398	–	–	–	–	–	17,398	17,398
Exercise of share options *(Note 24)*	13	286	(109)	–	–	–	–	–	177	190
Lapsed of share options *(Note 24)*	–	–	(1,791)	–	–	–	–	1,791	–	–
At 31 December 2014	24,822	163,243	65,784	37	6,952	3,000	(146)	(224,743)	14,127	38,949
Loss for the year	–	–	–	–	–	–	–	(7,132)	(7,132)	(7,132)
Other comprehensive expense for the year, net of income tax	–	–	–	–	–	–	(91)	–	(91)	(91)
Total comprehensive expense for the year	–	–	–	–	–	–	(91)	(7,132)	(7,223)	(7,223)
At 31 December 2015	**24,822**	**163,243**	**65,784**	**37**	**6,952**	**3,000**	**(237)**	**(231,875)**	**6,904**	**31,726**

Note: The amount represented the reserve arising from group reorganisation of the Company during the year ended 31 December 2000.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(6,574)**	(25,664)
Adjustments for:		
Interest income recognised in profit or loss	**(5)**	(3)
Equity-settled share based payments	**–**	17,398
Depreciation of property, plant and equipment	**118**	142
Reversal of impairment losses recognised in respect of loan and interest receivables	**(1,797)**	(47)
Reversal of impairment losses recognised in respect of inventories	**(5)**	(5)
Impairment losses recognised in respect of loan and interest receivables	**886**	1,931
Written off obsolete inventories	**1**	–
Operating cash flows before movements in working capital	**(7,376)**	(6,248)
(Increase) decrease in inventories	**(19)**	21
Decrease in trade and other receivables	**34**	4,194
(Increase) decrease in loan and interest receivables	**(783)**	650
(Decrease) increase in trade and other payables	**(465)**	608
Increase in amounts due to directors	**1,175**	510
Cash used in operations	**(7,434)**	(265)
Income tax paid	**(216)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(7,650)**	(265)
INVESTING ACTIVITIES		
Interest received	**5**	3
Purchase of property, plant and equipment	**(2)**	(32)
Proceeds from settlement of contingent consideration	**–**	423
NET CASH FROM INVESTING ACTIVITIES	**3**	394
FINANCING ACTIVITIES		
Proceeds from placement of warrants	**–**	6,952
Proceeds from exercise of share options	**–**	190
NET CASH FROM FINANCING ACTIVITIES	**–**	7,142
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(7,647)**	7,271
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**22,693**	15,425
Effect of foreign exchange rate changes	**(91)**	(3)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**14,955**	22,693

1. GENERAL

China Bio Cassava Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The addresses of the registered office and principal place of business of the Company are disclosed in the section of "Corporate Information" in the annual report.

The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the computer software and embedded systems development, sales and licensing of the software and systems, development of biotech renewable energy and provision of financing services.

The principal activities of the subsidiaries of the Company are set out in Note 32.

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

Application of new and revised HKFRSs and HKASs

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

Amendments to HKAS 19	Defined Benefits Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS *(Continued)*

New and revised HKFRSs and HKASs in issued but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Referral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity method in Seperate Financial Statements[1]
Amendments to HKAS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Key requirements of HKFRS 9:

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

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

The directors of the Company (the "Directors") anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Under HKFRS 15, an entity recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS *(Continued)*

New and revised HKFRSs and HKASs in issued but not yet effective *(Continued)*

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation *(Continued)*

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets (other than brand name) respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial reporting Standards*.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS *(Continued)*

New and revised HKFRSs and HKASs in issued but not yet effective *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10 *Consolidated Financial Statements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The Directors do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Other than the above, the Directors do not anticipate that the application of the other new and amendment to HKFRSs will have any significant impact on the Group's financial results and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policies above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit (or groups of cash generating unit) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as lessee

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

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

Foreign currencies

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

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

Retirement benefit costs and short-term employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF") and state-managed retirement benefits schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24 to the Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) 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 losses been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and cost necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

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

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

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

Financial instruments

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

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

Financial assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Effective interest method

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

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies; (ii) held for trading; or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL *(Continued)*

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other gains and losses. Fair value is determined in manner described in Note 30 to the consolidated financial statements.

Loans and receivables

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

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

Impairment of financial assets

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

For certain categories of financial asset, such as trade and other receivables and loan and interest receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Financial liabilities including trade and other payables and amounts due to directors are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are an equity instrument. Otherwise, they would be classified as derivate financial instruments, which are recognised at their fair values at the date of issue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Derecognition

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

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The Directors have not come across any significant areas where critical judgements are involved in applying the Group's accounting policies.

Key sources of estimation uncertainty

The following 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.

i. *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could be changed significantly as a result of competitors' actions in response to changes in market condition. Management reassesses these estimates at the end of the reporting period.

ii. *Estimated impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

iii. Impairment allowances on trade and other receivables

In determining individual impairment allowances, the Group periodically reviews its trade and other receivables to assess whether impairment allowances exist. In determining whether impairment allowances should be recorded in the consolidated statement of profit or loss, management estimates the present value of future cash flows which are expected to be received, taking into account the customers' financial situation and the net realisable value of the underlying collateral or guarantees in favour of the Group, if any.

iv. Impairment allowances on loan and interest receivables

The policy for individual impairment allowances for loan and interest receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these loans, including the current creditworthiness, and the past collection history of each loan. When there is an objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted using the applicable interest rate at the end of reporting period. In the event the expected actual future cash flows are less than the amount owed, an impairment loss may arise.

As at 31 December 2015, the carrying amounts of the Group's loan and interest receivables were approximately HK$19,626,000 (2014: HK$17,932,000). During the year ended 31 December 2015, the Group recognised impairment losses in respect of the Group's loan and interest receivables of approximately HK$886,000 (2014: HK$1,931,000) in the consolidated statement of profit or loss.

5. REVENUE AND SEGMENT INFORMATION

i. Revenue

Revenue represents the amounts received and receivables that are derived from sales of goods to customers and interest income from provision of financing services during the year.

An analysis of the Group's revenue by major products and services for the year is as follows:

	2015	2014
	HK$'000	HK$'000
Sales and licensing of software and embedded systems through packaged software	**2,547**	3,136
Sales and licensing of software and embedded systems through online platform	**1,462**	1,062
Interest income	**3,313**	4,920
	7,322	9,118

ii. Segment information

Information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance, focus on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segment under HKFRS 8 are as follows:

(a) Sales and licensing of software and embedded systems

(b) Development of biotech renewable energy

(c) Provision of financing services

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

ii. Segment information *(Continued)*

a. *Segment revenue and results*

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

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
External sales	**4,009**	4,198	**–**	–	**3,313**	4,920	**7,322**	9,118
Result								
Segment results	**240**	523	**(725)**	(1,437)	**2,846**	1,149	**2,361**	235
Interest income							**5**	3
Other income							**21**	17
Unallocated expenses							**(8,961)**	(25,919)
Loss before taxation							**(6,574)**	(25,664)

The accounting policies of the above operating segments are the same as the Group's accounting policies described in Note 3. Segment results represented the profit earned by or loss from each segment without allocation of certain administration costs, directors' emoluments, interest income and other items not directly related to the relevant segments. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Revenue reported above represents revenue generated from external customers.

There were no inter-segment sales during the years ended 31 December 2015 and 31 December 2014.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

ii. Segment information *(Continued)*

b. Segment assets and liabilities

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

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**2,732**	2,284	**263**	788	**30,601**	35,361	**33,596**	38,433
Unallocated assets							**3,145**	4,768
Total consolidated assets							**36,741**	43,201
Segment liabilities	**1,511**	1,434	**409**	212	**793**	802	**2,713**	2,448
Unallocated liabilities							**2,302**	1,804
Total consolidated liabilities							**5,015**	4,252

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

- All assets are allocated to operating segments other than certain property, plant and equipment, prepayments, deposits and other receivables and bank balances and cash.

- All liabilities are allocated to reportable and operating segments other than certain other payables and amounts due to directors.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

ii. Segment information *(Continued)*

c. *Other information*

Amounts included in the measurement of segment profit or loss or segment assets:

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Unallocated		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation of property, plant and equipment	**10**	12	**-**	23	**5**	4	**103**	103	**118**	142
Additions of property, plant and equipment	**2**	16	**-**	–	**-**	5	**-**	11	**2**	32
Reversal of impairment losses recognised in respect of inventories	**(5)**	(5)	**-**	–	**-**	–	**-**	–	**(5)**	(5)
Reversal of impairment losses recognised in respect of loan and interest receivables	**-**	–	**-**	–	**(1,797)**	(47)	**-**	–	**(1,797)**	(47)
Impairment losses recognised in respect of loan and interest receivables	**-**	–	**-**	–	**886**	1,931	**-**	–	**886**	1,931
Written off of obsolete inventories	**1**	–	**-**	–	**-**	–	**-**	–	**1**	–
Equity-settled share-based payments	**-**	–	**-**	–	**-**	–	**-**	17,398	**-**	17,398

Amount regulatory provided to the CODM but not included in the measure of segment profit or loss or segment assets is immaterial.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

ii. Segment information *(Continued)*

d. Geographical information

For the years ended 31 December 2015 and 2014, all of the Group's revenue and non-current assets are derived from customers and operations based in Hong Kong, and accordingly, no further analysis of the Group's geographical information is disclosed.

e. Information about major customers

The following table sets forth a breakdown of the Group's customers individually accounted for over 10% of the Group's total revenue during the year:

	Reportable and operating segments	**2015** **HK$'000**	2014 HK$'000
Customer A	Sales and licensing of software and embedded systems	**805**	N/A*
Customer B	Provision of financing services	**N/A***	1,020
Customer C	Provision of financing services	**866**	N/A*
Customer D	Provision of financing services	**769**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Hong Kong Profits Tax		
– Current year	**319**	540
– (Over) under-provision in prior year	**(50)**	7
	269	547
Deferred tax		
– Current year	**289**	(289)
	558	258

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions.

6. INCOME TAX EXPENSE *(Continued)*

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

	2015 HK$'000	2014 HK$'000
Loss before taxation	**(6,574)**	(25,664)
Tax calculated at the rate applicable to the tax jurisdiction concerned	**(973)**	(4,234)
Tax effect of expenses not deductible for tax purpose	**1,645**	4,879
Tax effect of income not taxable for tax purpose	**(301)**	(11)
Tax effect of tax losses not recognised	**70**	5
Utilisation of tax losses previously not recognised	**(122)**	(99)
Deferred tax	**289**	(289)
(Over) under-provision in prior year	**(50)**	7
Income tax expense for the year	**558**	258

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

i. Directors' and chief executives' emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable GEM Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payments HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2014						
Executive directors						
Mr. Tam Kam Biu William *(Note (a) below)*	–	149	97	–	4	250
Mr. Kwan Kin Chung	360	–	97	–	–	457
Mr. Yu Huaguo	–	1,800	97	–	17	1,914
Mr. Poon Yu Keung	–	500	97	–	17	614
Mr. Hung Ching Fung	–	480	97	–	17	594
	360	2,929	485	–	55	3,829
Non-executive director						
Mr. Leung Lap Yan	120	180	81	–	–	381
Independent non-executive directors						
Mr. Ko Wai Lun Warren *(Note (b) below)*	106	–	–	–	–	106
Mr. Tse On Kin *(Note (c) below)*	67	–	–	–	–	67
Mr. Tsang Wai Wa *(Note (d) below)*	28	–	81	–	–	109
Mr. Chow Wing Tung	106	–	81	–	–	187
	307	–	162	–	–	469
Total	787	3,109	728	–	55	4,679
Year ended 31 December 2015						
Executive directors						
Mr. Kwan Kin Chung	**360**	**–**	**–**	**–**	**–**	**360**
Mr. Yu Huaguo	**–**	**1,800**	**–**	**–**	**18**	**1,818**
Mr. Poon Yu Keung	**–**	**500**	**–**	**–**	**18**	**518**
Mr. Hung Ching Fung	**–**	**480**	**–**	**–**	**18**	**498**
	360	**2,780**	**–**	**–**	**54**	**3,194**
Non-executive director						
Mr. Leung Lap Yan	**120**	**180**	**–**	**–**	**–**	**300**
Independent non-executive directors						
Mr. Ko Wai Lun Warren *(Note (b) below)*	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Tse On Kin *(Note (c) below)*	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Chow Wing Tung	**120**	**–**	**–**	**–**	**–**	**120**
	360	**–**	**–**	**–**	**–**	**360**
Total	**840**	**2,960**	**–**	**–**	**54**	**3,854**

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

i. Directors' and chief executives' emoluments *(Continued)*

Notes:

a. Mr. Tam Kam Biu William resigned as director of the Company on 7 April 2014

b. Mr. Ko Wai Lun Warren was appointed as director of the Company on 13 February 2014

c. Mr. Tse On Kin was appointed as director of the Company on 10 June 2014

d. Mr. Tsang Wai Wa resigned as director of the Company on 14 March 2014

Apart from Directors, the Group has not classified any other person as a chief executive during the years ended 31 December 2015 and 31 December 2014.

During the years ended 31 December 2015 and 31 December 2014, no emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

None of the Directors has waived or agreed to waive any emoluments during the years ended 31 December 2015 and 31 December 2014.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's emoluments shown above were mainly for their services as directors of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

During the year ended 31 December 2014, certain Directors were granted share options, in respect of their services to the Group under the share scheme of the Company. The amount of the benefit in relation to share options has been determined in the sole discretion of the Board. Details of the share options scheme are set out in Note 24 to the Group's consolidated financial statements. No share options was granted during the year ended 31 December 2015.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

ii. Five highest paid employees

The five highest paid employees of the Group during the year included three (2014: three) were Directors, details of whose emoluments are included in the disclosures in Note 7(i) above.

Details of the remunerations for the year of the remaining two (2014: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015	2014
	HK$'000	HK$'000
Salaries and other benefits	**971**	911
Share-based payments	**–**	139
Discretionary bonuses	**160**	36
Retirement benefit scheme contributions	**36**	33
	1,167	1,119

During the years ended 31 December 2015 and 31 December 2014, the emoluments paid to two individuals of the five highest emoluments were within HK$1,000,000.

During the years ended 31 December 2015 and 31 December 2014, no emoluments were paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

During the year ended 31 December 2014, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. The amount of the benefit in relation to share options had been determined in the sole discretion of the Board. Details of the share option scheme are set out in Note 24 to the Group's consolidated financial statements. No share options was granted during the year ended 31 December 2015.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2015 HK$'000	2014 HK$'000
Staff costs (including directors' emoluments *(Note 7)*)		
– Salaries and other benefits	**9,632**	9,699
– Share-based payments	**–**	867
– Discretionary bonuses	**295**	80
– Retirement benefit scheme contributions	**298**	288
	10,225	10,934
Cost of inventories recognised as expenses *(Note below)*	**122**	146
Auditor's remuneration	**390**	380
Depreciation of property, plant and equipment	**118**	142
Minimum lease payments paid under operating leases	**1,581**	1,699
Impairment losses recognised in respect of loan and interest receivables	**886**	1,931

Note: During the year ended 31 December 2015, the cost of inventories recognised as expenses included reversal of impairment losses recognised in respect of inventories of approximately HK$5,000 (2014: HK$5,000) and written off of obsolete inventories of approximately HK$1,000 (2014: Nil).

9. DIVIDENDS

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the consolidated loss for the year attributable to the owners of the Company of approximately HK$7,132,000 (2014: HK$25,922,000) and the weighted average of 2,482,150,000 ordinary shares (2014: 2,481,284,000 ordinary shares) of the Company in issue during the year.

Diluted loss per share for the years ended 31 December 2015 and 31 December 2014 are not presented because the exercise of the outstanding share options and warrants would have anti-dilutive effect on the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2014	381	513	338	127	1,359
Additions	–	32	–	–	32
At 31 December 2014	381	545	338	127	1,391
Additions	–	2	–	–	2
Written off	–	(17)	–	–	(17)
At 31 December 2015	**381**	**530**	**338**	**127**	**1,376**
ACCUMULATED DEPRECIATION					
At 1 January 2014	142	273	338	104	857
Provided for the year	55	64	–	23	142
At 31 December 2014	197	337	338	127	999
Provided for the year	55	63	–	–	118
Eliminated on written off	–	(17)	–	–	(17)
At 31 December 2015	**252**	**383**	**338**	**127**	**1,100**
CARRYING AMOUNTS					
At 31 December 2014	184	208	–	–	392
At 31 December 2015	**129**	**147**	**–**	**–**	**276**

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	18% – 20%
Furniture, fixtures and office equipment	18% – 20%
Machinery	10% – 20%
Motor vehicles	18% – 20%

12. INTANGIBLE ASSETS

	Technical know-how HK$'000
COST	
At 1 January 2014, 31 December 2014 and **31 December 2015**	2,000
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2014, 31 December 2014 and **31 December 2015**	2,000
CARRYING AMOUNTS	
At 31 December 2014	–
At 31 December 2015	**–**

The amount represented technical know-how related to a production line of Bio-Cassava Energy System which was fully impaired in the consolidated statement of profit and loss in prior years.

13. DEFERRED TAX ASSET

The following is the Group's deferred tax asset which is mainly attributable to temporary differences in respect of the impairment losses of assets recognised and the movements thereon, during the year.

	HK$'000
At 1 January 2014	–
Credit to profit or loss during the year	289
At 31 December 2014 and 1 January 2015	289
Charge to profit or loss during the year	(289)
At 31 December 2015	**–**

As at 31 December 2015, the Group has unused tax losses arising from the Group's subsidiaries approximately HK$4,995,000 (2014: HK$5,310,000) that are available for offsetting against future profits. No deferred tax assets have been recognised as these subsidiaries have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses may be carried forwards indefinitely except for those tax losses amounted to approximately HK$194,000 (2014: HK$207,000) that could be carried forward for five years to offset against future foreseeable profits in accordance with the PRC laws and regulations.

14. GOODWILL

	HK$'000
COST	
At 1 January 2014, 31 December 2014 and **31 December 2015**	**609**

For the purpose of impairment testing, goodwill has been allocated to a cash-generating unit (the "CGU"), Fortune Credit Limited ("Fortune Credit"). Fortune Credit, an indirect wholly owned subsidiary of the Company, is a private limited liability company incorporated in Hong Kong which is principally engaged in the provision of financing services and other related business in Hong Kong.

At 31 December 2015, the Directors determined that the CGU containing the goodwill had not suffered any impairment.

The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below:

- The recoverable amount of the CGU has been determined based on value in use calculation.
- That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period and discount rate of 10.32% (2014: 11.32%) at 31 December 2015. The cash flows beyond the 3-year period are extrapolated using a steady growth rate of 3% (2014: 3%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.
- Other key assumption for the value in use calculation relate to the estimation of cash inflows/outflows which included budgeted interest income and net interest margin, such estimation is based on the CGU's past performance and management's expectations for the market development. The Directors consider that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU to exceed the corresponding recoverable amount.

15. INVENTORIES

	2015	2014
	HK$'000	HK$'000
Merchandise	**41**	12
Finished goods	**20**	26
	61	38

During the year ended 31 December 2015, as the net realisable value of some impaired finished goods has been increased, a reversal of provision of finished goods amounting to approximately HK$5,000 (2014: HK$5,000) has been recognised due to change in market environment and included in cost of inventories for the year ended 31 December 2015.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	HK$'000
Financial assets at fair value through profit and loss		
– Listed equity securities in Hong Kong	**102**	102

At 31 December 2015, the fair value of the listed equity securities, amounting to approximately HK$102,000 (2014: HK$102,000), was determined based on the quoted market bid prices available on the Stock Exchange.

As the trading of the shares of the listed equity securities has been suspended from 16 August 2013, the fair value as at 31 December 2015 and 2014 was determined with reference to the closing bid price on 16 August 2013.

17. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Trade receivables	**332**	440
Less: Allowances	**–**	–
	332	440
Prepayments	**270**	232
Deposits	**465**	432
Other receivables	**45**	42
	780	706
Total trade and other receivables	**1,112**	1,146

17. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables at the end of the reporting period comprise amounts receivable from the sales of goods. No interest is charged on the trade receivables.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer in considering the customer's quality and determining the credit limits for that customer.

The Group generally allows an average credit period of 0 – 30 days to its customers. The aging analysis of the Group's trade receivables presented based on invoice date as at the end of the reporting period is as follows:

	2015	2014
	HK$'000	HK$'000
0 – 30 days	**255**	313
31 – 90 days	**77**	127
	332	440

Aging of trade receivables which are past due but not impaired are as follows:

	2015	2014
	HK$'000	HK$'000
31 – 90 days	**77**	127

The Group did not provide any allowance on the past due receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

18. LOAN AND INTEREST RECEIVABLES

	2015 HK$'000	2014 HK$'000
Personal loans	–	7,294
Mortgage loans	20,512	12,569
	20,512	19,863
Less: Allowances	(886)	(1,931)
Loan and interest receivables (including interest receivables of HK$89,000 (2014: HK$165,000))	19,626	17,932
Analysed for reporting purposes as:		
Current assets	17,714	11,932
Non-current assets	1,912	6,000
	19,626	17,932

The loan receivables from customers bore fixed interest rate ranging from 1.5% to 1.83% per month (2014: 1.42% to 2.5%) and were repayable according to the terms of the loan agreements. Included in the gross balances are loans of approximately HK$20,512,000 (2014: HK$12,569,000) which are secured by real estates in Hong Kong.

The maturity profile of these loan receivables from customers (including interest receivables), net of impairment losses recognised, at the end of reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

	2015 HK$'000	2014 HK$'000
Less than 3 months	3,632	8,922
Over 3 months but less than 1 year	14,082	3,010
Over 1 year but less than 3 years	1,912	6,000
	19,626	17,932

The loan receivables from customers have been reviewed by the management of the Company to assess impairment allowances which are based on the evaluation of collectability, aging analysis of accounts and on management's judgment, including the current creditworthiness and the past collection statistics of individually significant accounts or a portfolio of accounts on a collective basis.

18. LOAN AND INTEREST RECEIVABLES *(Continued)*

The movements of allowance for impairment during the year are as follows:

	2015	2014
	HK$'000	HK$'000
As at 1 January	**1,931**	242
Reversal during the year	**(1,797)**	(47)
Written off during the year	**(134)**	(195)
Impairment losses recognised during the year	**886**	1,931
As at 31 December	**886**	1,931

During the year ended 31 December 2015, impairment loss on loan receivables from customers (including interest receivables) of approximately HK$886,000 (2014: HK$1,931,000) was recognised in the consolidated statement of profit or loss after proper review by the management of the Company, based on the latest available information about the loan customers and the underlying collateral held, if any.

The following is an aging analysis for the loan receivables from customers (including interest receivables), net of impairment losses recognised, that were past due at the end of the reporting period but not impaired, analysed by the remaining periods to their contracted maturity, is as follows:

	2015	2014
	HK$'000	HK$'000
Less than 3 months	**3,544**	1,757

The loan receivables from customers (including interest receivables) that were past due but not impaired related to a wide range of customers and the management of the Company consider that, taking into account of the impairment loss recognised, no additional impairment is necessary in respect of these balances as there has not been a significant change in credit quality and/or the balances are considered fully recoverable.

The Directors consider that the fair value of the Group's loan and interest receivables, determined based on the present value of the estimated future cash flows discounted using the applicable interest rate at the end of reporting period, approximates to the carrying amount of the loan and interest receivables.

19. BANK BALANCES AND CASH

As at 31 December 2015, the Group's bank balances carry interest at market rates ranged from 0.001% to 0.3% (2014: 0.001% to 0.385%) per annum.

Included in bank balances and cash of the Group are approximately HK$1,182,000 (2014: approximately HK$190,000) of bank balances denominated in RMB which is not a freely convertible currency in the international market. The remittance of RMB out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

Other than bank balances and cash denominated in HK$ and RMB, the bank balance and cash denominated in other currencies are not significant.

20. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	HK$'000
Trade payables	**11**	–
Other payables and accrued expenses	**2,163**	2,639
	2,174	2,639

The average credit period on purchases of goods is 30 days (2014: 30 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aging analysis of the Group's trade payables presented based on invoice date as at the end of the reporting period is as follows:

	2015	2014
	HK$'000	HK$'000
0 – 30 days	**11**	–

21. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest free and repayable on demand.

22. SHARE CAPITAL

	Number of shares		Amount	
	2015	2014	**2015**	2014
	'000	'000	**HK$'000**	HK$'000
Share with par value of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**50,000,000**	50,000,000	**500,000**	500,000
Issued and fully paid:				
At 1 January	**2,482,150**	2,480,900	**24,822**	24,809
Exercise of share options	**–**	1,250	**–**	13
At 31 December	**2,482,150**	2,482,150	**24,822**	24,822

During the year ended 31 December 2014, a share option holder of 1,250,000 share options exercised his rights to subscribe for 1,250,000 ordinary shares of the Company with par value of HK$0.01 per share (see Note 24).

All shares issued during the years ended 31 December 2015 and 31 December 2014 ranked pari passu in all respects with all shares then in issue.

23. WARRANTS

On 9 May 2014, the Company entered into the warrant subscription agreements with certain warrant subscribers and pursuant to which, the Company issued a total of 496,180,000 warrants at the warrant issue price of HK$0.015 per warrant, with a total consideration of approximately HK$7 million which was credited to the warrant reserve for the year. The Company is intended that the net proceeds from the full exercise of the warrants of approximately HK$79.4 million (before the issue expenses) will be applied as general working capital of the Group. The warrants entitle the subscribers to subscribe for the new ordinary shares at the warrant subscription price of initially HK$0.16 per new share (subject to adjustments in accordance with the terms of the warrants) for a period of two years commencing from the date of issue of warrants.

The movements of the warrants during both years are as follows:

			Number of warrants				
Date of grant	Exercise price	Exercise period	Outstanding as at 1 January	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December
	HK$						
31 December 2014							
22 May 2014	0.16	22/5/2014 to 21/5/2016	–	496,180,000	–	–	496,180,000
31 December 2015							
22 May 2014	**0.16**	**22/5/2014 to 21/5/2016**	**496,180,000**	**-**	**-**	**-**	**496,180,000**

At the end of the reporting period, the Company had 496,180,000 (2014: 496,180,000) outstanding warrants. Upon the exercise in full of these warrants, the Company will issue 496,180,000 additional new ordinary shares (2014: 496,180,000) of the Company.

24. SHARE-BASED EMPLOYEE COMPENSATION

Pursuant to the Company's Share Option Scheme (the "Share Option Scheme") adopted on 27 April 2007, options may be granted to any directors, employees, consultants, customers, suppliers, agents, partners or advisers of or contractor to the Group (the "Eligible participants") or any entity in which any member of the Group holds any interest; any discretionary trust whose discretionary objects include any Eligible participants; and a company beneficially owned by any Eligible participants; and those person or company whom or which the board has resolved is qualified to be an eligible participant must remain eligible during the period when any option granted to him or it remains outstanding.

The share options vest upon the commencement of the exercise period, which is determined by the Directors at the date of grant.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Pursuant to the Company's announcement on 10 January 2014, a total of 248,090,000 share options to subscribe for ordinary shares of HK$0.01 each in the capital of the Company were granted to certain eligible participants, including the directors and employees of the Company and the consultants under the share option scheme adopted by the Company on 27 April 2007. Details of the share options granted are as follows:

Date of grant:	10 January 2014 (the "Date of Grant")
Exercise price of share options granted:	HK$0.147 per ordinary share
Number of share options granted:	248,090,000 share options
Closing price of the share on the date of grant:	HK$0.147
Validity periods of the share options:	10 January 2014 to 9 January 2024

Each of the share option shall entitle the holder of the share option to subscribe for one ordinary share upon exercise of such share option at an exercise price of HK$0.147 per ordinary share, which represents the higher of (i) the closing price of HK$0.147 per ordinary share as stated in the daily quotations sheet issued by Stock Exchange on 10 January 2014, being the Date of Grant; (ii) the average closing price of HK$0.1424 per ordinary share as stated in the daily quotations sheet issued by Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the share of HK$0.01 each in the capital of the Company.

24. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

The movements of the options during both years are as follows:

Name or category of participant	Date of grant	Exercise price HK$	Exercise period	Number of share options: Outstanding as at 1 January	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December
Year ended 31 December 2014								
Directors								
Mr. Kwan Kin Chung	29/5/2007	0.4500	29/5/2007 to 28/5/2017	4,000,000	–	–	–	4,000,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	1,250,000	–	–	–	1,250,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,200,000	–	–	1,200,000
Mr. Tam Kam Biu William	29/5/2007	0.4500	29/5/2007 to 28/5/2017	5,000,000	–	–	(5,000,000)	–
(Note (a) below)	21/9/2011	0.1720	21/9/2011 to 20/9/2021	250,000	–	–	(250,000)	–
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,200,000	–	(1,200,000)	–
Mr. Leung Lap Yan	29/5/2007	0.4500	29/5/2007 to 28/5/2017	2,000,000	–	–	–	2,000,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	250,000	–	–	–	250,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,000,000	–	–	1,000,000
Mr. Leung Lap Fu Warren	29/5/2007	0.4500	29/5/2007 to 28/5/2017	2,000,000	–	–	(2,000,000)	–
(Note (b) below)	21/9/2011	0.1720	21/9/2011 to 20/9/2021	250,000	–	–	(250,000)	–
Mr. Ip Chi Wai	29/5/2007	0.4500	29/5/2007 to 28/5/2017	1,000,000	–	–	(1,000,000)	–
(Note (c) below)	21/9/2011	0.1720	21/9/2011 to 20/9/2021	250,000	–	–	(250,000)	–
Mr. Tse Wang Cheung Angus	29/5/2007	0.4500	29/5/2007 to 28/5/2017	1,000,000	–	–	(1,000,000)	–
(Note (d) below)	21/9/2011	0.1720	21/9/2011 to 20/9/2021	250,000	–	–	(250,000)	–
Mr. Tsang Wai Wa	21/9/2011	0.1720	21/9/2011 to 20/9/2021	250,000	–	(250,000)	–	–
(Notes (e) below)	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,000,000	(1,000,000)	–	–
Mr. Poon Yu Keung	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,200,000	–	–	1,200,000
Mr. Yu Huaguo	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,200,000	–	–	1,200,000
Mr. Hung Ching Fung	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,200,000	–	–	1,200,000
Mr. Chow Wing Tung	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	1,000,000	–	–	1,000,000
Sub-total				17,750,000	9,000,000	(1,250,000)	(11,200,000)	14,300,000
Employees	29/5/2007	0.4500	29/5/2007 to 28/5/2017	3,000,000	–	–	–	3,000,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	1,375,000	–	–	–	1,375,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	2,000,000	–	–	2,000,000
Others								
Consultants	29/5/2007	0.4500	29/5/2007 to 28/5/2017	163,190,000	–	–	–	163,190,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	186,625,000	–	–	–	186,625,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	–	237,090,000	–	–	237,090,000
Sub-total				354,190,000	239,090,000	–	–	593,280,000
Total				371,940,000	248,090,000	(1,250,000)	(11,200,000)	607,580,000
Weighted average exercise price (HK$)				HK$0.3074	HK$ 0.147	HK$ 0.152	HK$ 0.3927	HK$0.2407
Weighted average remaining contractual life (Years)								**6.4 years**

24. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

The movements of the options during both years are as follows: *(Continued)*

				Number of share options				
Name or category of participant	Date of grant	Exercise price HK$	Exercise period	Outstanding as at 1 January	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December
Year ended 31 December 2015								
Directors								
Mr. Kwan Kin Chung	29/5/2007	0.4500	29/5/2007 to 28/5/2017	4,000,000	–	–	–	4,000,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	1,250,000	–	–	–	1,250,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	1,200,000	–	–	–	1,200,000
Mr. Leung Lap Yan	29/5/2007	0.4500	29/5/2007 to 28/5/2017	2,000,000	–	–	–	2,000,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	250,000	–	–	–	250,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	1,000,000	–	–	–	1,000,000
Mr. Poon Yu Keung	10/1/2014	0.1470	10/1/2014 to 9/1/2024	1,200,000	–	–	–	1,200,000
Mr. Yu Huaguo	10/1/2014	0.1470	10/1/2014 to 9/1/2024	1,200,000	–	–	–	1,200,000
Mr. Hung Ching Fung	10/1/2014	0.1470	10/1/2014 to 9/1/2024	1,200,000	–	–	–	1,200,000
Mr. Chow Wing Tung	10/1/2014	0.1470	10/1/2014 to 9/1/2024	1,000,000	–	–	–	1,000,000
Sub-total				14,300,000	–	–	–	14,300,000
Employees	29/5/2007	0.4500	29/5/2007 to 28/5/2017	3,000,000	–	–	–	3,000,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	1,375,000	–	–	–	1,375,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	2,000,000	–	–	–	2,000,000
Others								
Consultants	29/5/2007	0.4500	29/5/2007 to 28/5/2017	163,190,000	–	–	–	163,190,000
	21/9/2011	0.1720	21/9/2011 to 20/9/2021	186,625,000	–	–	–	186,625,000
	10/1/2014	0.1470	10/1/2014 to 9/1/2024	237,090,000	–	–	–	237,090,000
Sub-total				593,280,000	–	–	–	593,280,000
Total				**607,580,000**	**-**	**-**	**-**	**607,580,000**
Weighted average exercise price (HK$)				**HK$0.2407**				**HK$0.2407**
Weighted average remaining contractual life (Years)								**5.4 years**

24. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

The movements of the options during both years are as follows: *(Continued)*

Notes:

a. Mr. Tam Kam Biu William resigned as director of the Company on 7 April 2014.

b. Mr. Leung Lap Fu Warren resigned as director of the Company on 29 November 2013.

c. Mr. Ip Chi Wai resigned as director of the Company on 14 November 2013.

d. Mr. Tse Wang Cheung Angus resigned as director of the Company on 19 November 2013.

e. Mr. Tsang Wai Wa resigned as director of the Company on 14 March 2014.

Upon the termination of employment by retirement or resignation of directors and employees of the Company, the relevant eligible participants may exercise their options in whole or in part at any time within a period of three months commencing on the date of the cessation or termination of employment and any options not so exercised shall lapse at the end of such period.

The options may be exercised at any time of the option period provided that the options have been vested. The options were vested upon commencement of exercise period.

No liabilities were recognised due to these equity-settled share-based payment transactions.

The fair values of share options granted during the year were determined by the Directors with reference to a valuation performed by an independent valuer and the inputs for calculating the fair values are shown as follows:

Grant date	**10 January 2014** *(Note (a) below)*	**21 September 2011** *(Note (b) below)*	**29 May 2007** *(Note (c) below)*
Calculation model	Trinomial	Binomial	Binomial
Exercise price (HK$) *(Note (d) below)*	0.147	0.043	0.1125
Expected volatility	75.55%	128.72%	105%
Expected life (year)	10 years	10 years	10 years
Risk-free rate	2.37%	1.431%	4.47%
Expected dividend yield	0%	0%	0%

24. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

Notes:

(a) The fair value of the share option is determined by an independent professional qualified valuer, Messrs. RHL Appraisal Limited. The risk-free interest rate was based on yield of Hong Kong Exchange Fund Note. Expected volatility was based on the average of weekly historical volatility of comparable companies' share price. The value of an option varies with different variables of certain subjective assumptions.

(b) The fair value of the share option is determined by an independent professional qualified valuer, Messrs. BMI Appraisal Limited. The risk-free interest rate was based on yield of Hong Kong Exchange Fund Note. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged. The value of an option varies with different variables of certain subjective assumptions.

(c) The fair value of the share option is determined by an independent professional qualified valuer, Messrs. Vigers Appraisal & Consulting Limited. The risk-free interest rate was based on yield of Hong Kong Exchange Fund Note. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged. The value of an option varies with different variables of certain subjective assumptions.

(d) Following the Company's share consolidation which became effective on 28 June 2012, the exercise prices of share options were adjusted from HK$0.1125 and HK$0.043 per share to HK$0.45 and HK$0.172 per share for the share options granted on 29 May 2007 and 21 September 2011, respectively. The numbers of share options were also adjusted as a result of such share consolidation.

During the year ended 31 December 2014, a share option holder of 1,250,000 share options exercised his rights to subscribe for 1,250,000 ordinary shares of the Company with par value of HK$0.01 per share.

During the year ended 31 December 2014, the Group reversed the share options reserve of approximately HK$1,791,000 upon the lapse of 11,200,000 share options. No share options had been lapsed during the year ended 31 December 2015.

During the year ended 31 December 2015, there is no share option granted to the directors and employees of the Company and to the consultants.

24. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

During the year ended 31 December 2014, share-based payments expenses of HK$17,398,000 has been included in the consolidated statement of profit or loss for the year which gave rise to a share-based payment reserve and details are summarised as following:

a. During the financial year ended 31 December 2014, the fair value of the share options granted to the directors and employees of the Company was estimated at approximately HK$867,000. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.

b. During the financial year ended 31 December 2014, the fair value of the share options granted to the consultants was estimated at approximately HK$16,531,000. In the opinion of the Directors, in view of the fair value of the service received from the consultants could not be estimated reliably by the Company, the fair value of the service received from the consultants was measured indirectly by reference to the fair value of the share option granted to the consultants and accordingly, the fair value was estimated at approximately HK$16,531,000.

At the end of the reporting period, the Company had 607,580,000 (2014: 607,580,000) share options outstanding under the Share Option Scheme. Upon the exercise in full of the remaining share options, the Company will issue 607,580,000 additional ordinary shares (2014: 607,580,000) of the Company.

25. OPERATING LEASES

The Group as lessee

	2015	2014
	HK$'000	HK$'000
Minimum lease payments paid under operating leases during the year		
– Office equipment	**36**	34
– Land and buildings	**1,545**	1,665
	1,581	1,699

25. OPERATING LEASES *(Continued)*

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**1,556**	790
In the second to the fifth years, inclusive	**472**	402
	2,028	1,192

Operating lease payments represent rentals payable by the Group for the Group's office equipment and office premises. Leases are negotiated for lease terms ranging from one to two years (2014: one to two years) at inception, with an option to renew the lease at the expiry date or at dates mutually agreed between the Group and the landlord.

26. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

During the year ended 31 December 2015, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	**4,771**	4,807
Share-based payments	**–**	867
Discretionary bonuses	**160**	36
Retirement benefit scheme contributions	**90**	88
	5,021	5,798

The remuneration of the key management personnel is determined with reference to the performance of individuals and market trends.

27. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of government-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under the schemes.

The Group operates MPF for all qualifying Hong Kong employee. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the year ended 31 December 2015 and 2014 are disclosed in Note 8.

28. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses.

The Directors review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through new share issues.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

i. Financial assets

	2015 HK$'000	2014 HK$'000
Financial assets		
Financial assets at FVTPL	**102**	102
Loans and receivables		
– Trade and other receivables	**842**	914
– Loan and interest receivables	**19,626**	17,932
– Bank balances and cash	**14,955**	22,693
	35,525	41,641

ii. Financial liabilities

	2015 HK$'000	2014 HK$'000
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade and other payables	**2,151**	2,561
– Amounts due to directors	**2,241**	1,066
	4,392	3,627

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including financial assets at FVTPL, trade and other receivables, loan and interest receivables, bank balances and cash, trade and other payables and amounts due to directors. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from prior year.

The Group's activities expose it primarily to the market risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. Details are disclosed as follows:

i. Foreign currency risk management

The Group collects most of its revenue in HK$ and incurs most of its expenditures as well as capital expenditures in HK$. As at 31 December 2014 and 31 December 2015, certain of the Group's and the Company's cash on hand and bank deposits are denominated in foreign currencies, which expose the Group and the Company to foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to foreign currency risk. However, the Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate. As the Directors consider that the Group's financial assets that are denominated in foreign currencies are insignificant as at 31 December 2014 and 31 December 2015, and accordingly, no sensitivity analysis of foreign currencies against HK$ has been presented.

ii. Interest rate risk management

The Group has limited exposure to interest rate risk because the Group has no significant interest bearing financial assets and liabilities as at 31 December 2014 and 31 December 2015, other than loan and interest receivables and interest bearing bank balances. The future variations in interest rates will not have a significant impact on the results of the Group, as the Group's variable rates for bank balances are all short term in nature and at the prevailing market interest rates. Loan and interest receivables at fixed rate exposes the Group to fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, the Directors monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise. The Directors considered the Group's exposure to interest rate risk is not material. Hence, no interest rate sensitively analysis is presented.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

iii. Credit risk management

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Group thereby suffers financial loss. The carrying amounts of trade and other receivables and bank balances and cash represent the Group's maximum exposure to credit risk in relation to financial assets. The carrying amounts of these financial assets presented in the consolidated statement of financial position are net of impairment losses, if any.

The Group expects that there is no significant credit risk associated with cash at bank since all the Group's bank balances and cash are deposited with major and creditworthy banks located in Hong Kong and the PRC.

The Directors consider that the Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

The Group is exposed to credit risk attributable to loan and interest receivables from customers. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. In respect of loan and interest receivables from customers, individual credit evaluations are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Loan and interest receivables from customers are due as at the due date of corresponding loan agreement.

As at 31 December 2015, approximately 100% (2014: 60%) of the loan and interest receivables from customers are secured by real estate situated in Hong Kong. The Group closely monitors the ownership and value of the collaterals throughout the loan period. Further, as at 31 December 2015, 34% (2014: 34%) of the total gross loan and interest receivables from customers was due from the Group's largest customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

In order to minimise the credit risk, the Directors have delegated a team responsible for determination of monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Directors review the recoverability of each trade and loan and interest receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

iii. Credit risk management *(Continued)*

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loan and interest receivables from customers are set out in Note 18.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk rests with the Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

The Group's liquidity position is monitored closely by management of the Group. All the financial liabilities are non-interest bearing and repayable on demand. The total undiscounted cash flows of each financial liability based on the earliest date on which the Group can be required to pay approximate to their carrying amounts at the end of the reporting period as follows:

	2015 **HK$'000**	2014 HK$'000
Trade and other payables	**2,151**	2,561
Amounts due to directors	**2,241**	1,066
	4,392	3,627

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

v. Fair value measurements

Fair value measurements of financial instruments

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

Other than the financial assets at FVTPL, the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial assets at FVTPL in respect of listed equity securities in Hong Kong are determined by reference to the quoted bid prices in active markets.

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial assets at FVTPL is determined (in particular, the valuation technique and inputs used).

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

	Fair values as at 31 December			
Financial assets	**2015 HK$'000**	2014 HK$'000	**Fair value hierarchy**	**Valuation techniques and key inputs**
Listed equity securities in Hong Kong	**102**	102	Level 1	Quoted bid prices in active markets

There were no transfers between Level 1, 2 and 3 during both years.

The Directors consider that, other than the financial assets at FVTPL, the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**16**	26
Interests in subsidiaries	(i)	**2,500**	2,500
		2,516	2,526
CURRENT ASSETS			
Other receivables		**238**	231
Amounts due from subsidiaries	(ii)	**–**	1,288
Bank balances and cash		**179**	598
		417	2,117
CURRENT LIABILITIES			
Other payables		**340**	709
Amounts due to directors	(ii)	**1,941**	1,066
Amounts due to subsidiaries	(ii)	**13,964**	13,967
		16,245	15,742
NET CURRENT LIABILITIES		**(15,828)**	(13,625)
NET LIABILITIES		**(13,312)**	(11,099)
CAPITAL AND RESERVES			
Share capital		**24,822**	24,822
Reserves	(iii)	**(38,134)**	(35,921)
TOTAL DEFICIENCY		**(13,312)**	(11,099)

Notes:

i. Interests in subsidiaries

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost, less impairments	**2,500**	2,500

ii. Amounts due from (to) subsidiaries / directors

The amounts are unsecured, interest free and are repayable on demand.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes: (Continued)

iii. Reserves

	Share premium HK$'000	Share options reserve HK$'000 *(Note 24)*	Warrant reserve HK$'000 *(Note 23)*	Reorganisation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	162,957	50,286	–	2,501	(251,323)	(35,579)
Loss and total comprehensive expense for the year	–	–	–	–	(24,869)	(24,869)
Placement of warrants *(Note 23)*	–	–	7,443	–	–	7,443
Transactions cost attributable to issue of warrants *(Note 23)*	–	–	(491)	–	–	(491)
Recognition of equity settled share-based payments *(Note 24)*	–	17,398	–	–	–	17,398
Exercise of share options *(Note 24)*	286	(109)	–	–	–	177
Lapsed of share options *(Note 24)*	–	(1,791)	–	–	1,791	–
At 31 December 2014	163,243	65,784	6,952	2,501	(274,401)	(35,921)
Loss and total comprehensive expense for the year	–	–	–	–	(2,213)	(2,213)
At 31 December 2015	**163,243**	**65,784**	**6,952**	**2,501**	**(276,614)**	**(38,134)**

32. SUBSIDIARIES

Details of the Group's subsidiaries as at 31 December 2015 and 2014 are as follows:

Name of company	Place of incorporation/ registration	Class of shares held	Paid up registered capital	Attributable equity interest held by the Company		Proportion of voting power held by the Company		Principal activities and place of operations
				2015	2014	**2015**	2014	
Direct subsidiaries								
Q9 Technology (BVI) Limited	British Virgin Islands ("BVI")	Ordinary	US$100	**100%**	100%	**100%**	100%	Investment holding
Q9-Tech Energy Development Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	**100%**	100%	Investment holding
Q9-Tech Energy Development Limited	BVI	Ordinary	US$100	**100%**	100%	**100%**	100%	Inactive
Indirect subsidiaries								
Qcode Chinese Computer Limited	Hong Kong	Ordinary	HK$600,000	**100%**	100%	**100%**	100%	Holding patents
Q9 Technology Company Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	**100%**	100%	Provision of institution and corporate services
Q9 Technology (Retail) Company Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	**100%**	100%	Sales and licensing of computer software
Q9 Technology (OEM) Company Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	**100%**	100%	Development and licensing of computer software
九方快碼科技（深圳）有限公司 Q9 Technology (Shenzhen) Limited*	PRC	Registered	HK$2,000,000	**100%**	100%	**100%**	100%	Development, sales and licensing of computer software

32. SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation/ registration	Class of shares held	Paid up registered capital	Attributable equity interest held by the Company		Proportion of voting power held by the Company		Principal activities and place of operations
				2015	2014	**2015**	2014	
Indirect subsidiaries – continued								
Q9 Investments Limited	BVI	Ordinary	US$100	**100%**	100%	**100%**	100%	Investments holding
New Q9-Tech Equipment Trading Limited	Macau	Registered	MOP$25,000	**100%**	100%	**100%**	100%	Research and development for biotechnology
China Bio Cassava Group Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	**100%**	100%	Inactive
China Bio Cassava Development Limited	Hong Kong	Ordinary	HK$1,500,000	**100%**	100%	**100%**	100%	Inactive
Growlong Company Limited	Hong Kong	Ordinary	HK$10,000	**100%**	100%	**100%**	100%	Inactive
Fortune Credit	Hong Kong	Ordinary	HK$5,000,000	**100%**	100%	**100%**	100%	Provision of financing services
珠海橫琴中投商務服務有限公司("珠海橫琴") (Note below)	PRC	Registered	RMB1,000,000 (2014: RMB150,000)	**100%**	100%	**100%**	100%	Inactive

Note: The Group paid up RMB850,000 to increase the registered capital of 珠海橫琴 from RMB150,000 to RMB1,000,000 during the year ended 31 December 2015.

* *For identification purposes*

None of the subsidiaries had any debt securities outstanding as at the end of the year or at any time during the year.

33. COMPARATIVE FIGURES

During the year, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation. As a result, the following line items regarding comparative figures have been amended and adjusted, together with the related notes to conform to the current year's presentation:

	Notes	**Previous reported** HK$'000	**As restated** HK$'000
Consolidated statement of profit or loss			
Other income	i	64	17
Reversal of impairment loss in respect of loan and interest receivables	i	–	47
Consolidated statement of financial position			
Loan and interest receivables – non-current portion	ii	–	6,000
Trade and other receivables – non-current portion	ii	6,000	–
Loan and interest receivables – current portion	ii	–	11,932
Trade and other receivables	ii	13,078	1,146

Notes:

i. "Reversal of impairment loss in respect of loan and interest receivables" was reclassified from "Other income" as a separate item in the consolidated statement of profit or loss.

ii. "Loan and interest receivables" was reclassified from "Trade and other receivables" as a separate item in the consolidated statement of financial position.

Financial Summary

FINANCIAL RESULTS

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Loss before taxation	**(6,574)**	(25,664)	(8,884)	(8,480)	(27,725)

	As at 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property, plant and equipment	**276**	392	502	149	347
Goodwill	**609**	609	609	–	–
Others assets	**35,856**	42,200	41,810	5,237	13,610
Total liabilities	**(5,015)**	(4,252)	(2,587)	(1,992)	(2,083)
Total equity	**31,726**	38,949	40,334	3,394	11,874