ETS Group Limited
易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：8031

2015
Annual Report 年報

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report for which the directors (the "Directors") of ETS Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

EXECUTIVE DIRECTORS

Mr. Tang Yiu Sing *(Chief Executive Officer)*
Mr. Yeung Ka Wing

NON-EXECUTIVE DIRECTOR

Mr. Tang Shing Bor *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Sik Kei
Mr. Ngan Chi Keung
Mr. Yung Kai Tai

AUDIT COMMITTEE

Mr. Ngan Chi Keung *(Chairman)*
Mr. Wong Sik Kei
Mr. Yung Kai Tai

REMUNERATION COMMITTEE

Mr. Yung Kai Tai *(Chairman)*
Mr. Wong Sik Kei
Mr. Ngan Chi Keung
Mr. Tang Yiu Sing

NOMINATION COMMITTEE

Mr. Wong Sik Kei *(Chairman)*
Mr. Ngan Chi Keung
Mr. Yung Kai Tai
Mr. Tang Yiu Sing
Mr. Yeung Ka Wing

RISK MANAGEMENT AND INTERNAL CONTROL COMMITTEE

Mr. Ngan Chi Keung *(Chairman)*
Mr. Wong Sik Kei
Mr. Yung Kai Tai
Mr. Tang Yiu Sing
Mr. Yeung Ka Wing

COMPLIANCE OFFICER

Mr. Yeung Ka Wing

COMPANY SECRETARY

Mr. Suen Fuk Hoi

AUTHORISED REPRESENTATIVES

Mr. Tang Yiu Sing
Mr. Yeung Ka Wing

REGISTERED OFFICE

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PRINCIPAL BANKERS

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Corporation Limited
Bank of China (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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WEBSITE

www.etsgroup.com.hk

STOCK CODE

8031

Dear Shareholders,

On behalf of the Board (the "Board") of Directors (the "Directors") of ETS Group Limited (the "Company"), I herewith present the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 to all shareholders and investors.

For the financial year ended 31 December 2015, the Group recorded a revenue of approximately HK$144 million, representing a decrease by approximately 18.4% as compared with that of 2014. Profit attributable to owners of the Company decreased by 35.9% from approximately HK$14.3 million for the year ended 31 December 2014 to approximately HK$9.2 million for the year ended 31 December 2015.

Following completion of the acquisition of 185,000,000 shares of the Company, Million Top Enterprises Limited has become the controlling shareholder of the Company in July 2015. Ride on the well-established foundation of our core business in outsourcing contact centre services and contact centre system, the Company will continue to grow and expand in the existing arena, while at the same time explore new opportunities in other potential business including but not limited to financial and security, retail, food & beverage and SME.

We are planning new initiatives that built on existing technology as well as new business potential in order to further strengthen the core competence and broaden the business scope of the Company.

It is our intention to bring together people, network and additional resources to break new ground and we are excited to share our continued progress with our shareholders.

The Board recommends the payment of a final dividend of HK0.96 cents per share of the Company (the "Share") for the year ended 31 December 2015 to shareholders.

I am thankful to all staff for their continued loyalty, support and contributions to the Group in the past year. And I would also like to express my thanks to the Board of Directors for their dedicated services and guidance during the period.

Tang Shing Bor
Chairman

Hong Kong, 17 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is continuously engaged in the business of providing comprehensive multi-media contact services and contact centre system. The principle services of the Group include:

OUTSOURCING INBOUND CONTACT SERVICE

The Group provides multi-media inbound contact service which our clients outsource to us. The inbound contact services we provide include general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines and helpdesk hotlines. Our inbound operation covers 24 hours a day and 7 days a week.

OUTSOURCING OUTBOUND CONTACT SERVICE

The Group bases on the call lists provided by our clients to perform outsourcing outbound contact services including telemarketing services, customer retention services, cross-selling and customer satisfaction surveys. These services are carried out at calling hours specified by our clients.

STAFF INSOURCING SERVICE

The Group assigns contact service staff that meets the required qualification and requirements to work at our clients' contact service centres or other designated premises to help our clients in the operation of their contact services or business. We provide our clients with contact service staff for customer service, telemarketing, data entry and other backend support.

CONTACT SERVICE CENTRE FACILITIES MANAGEMENT SERVICE

The contact service centre facilities management service is comprised of three types of service including (a) leasing of our contact centre facilities in form of workstation, (b) IVRS hosting service and (c) contact centre system hosting solution.

COMPLETION OF THE SALES AND PURCHASE AGREEMENT

Reference is made to (i) the announcement jointly issued by the Company and Million Top Enterprises Limited (the "Offeror") dated 10 June 2015 in relation to, among other matters, the conditional purchase of 185,000,000 shares (the "Sale Shares") with a par value of HK$0.01 each in the share capital of the Company (each, a "Share") by the Offeror and the possible unconditional mandatory cash offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) by Yu Ming Investment Management Limited on behalf of the Offeror (the "Offer"); (ii) the announcement jointly issued by the Company and the Offeror dated 30 June 2015 in relation to delay in despatch of composite document; and (iii) the announcement jointly issued by the Company and the Offeror dated 21 July 2015 in relation to completion of the Sale and Purchase Agreement (as defined below) and the Offer.

The Company was informed by Excel Deal Holdings Limited ("Vendor"), the then controlling shareholder of the Company, that on 5 June 2015 (after trading hours), the Offeror, the Vendor, Mr. Tang Shing Bor, and Mr. Ling Chiu Yum and Mr. Wong Wai Hon Telly had entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Offeror has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being 185,000,000 Shares, for a total consideration of HK$222,000,000, equivalent to HK$1.2 per Sale Share (the "Acquisition"). The Sale Shares represent approximately 66.07% of the entire issued share capital of the Company as at the date of the joint announcement dated 10 June 2015.

Pursuant to the announcement jointly issued by the Company and the Offeror dated 21 July 2015, the Company (which was informed by the Vendor) and the Offeror announced that the Sale and Purchase Agreement had become unconditional and completion of the Acquisition ("Completion") took place after the trading hours on 21 July 2015. Following Completion and as at the date of the joint announcement dated 21 July 2015, the Offeror and parties acting in concert with it hold a legal and beneficial interest in, and control voting rights in respect of, an aggregate of 210,000,000 Shares, representing 75% of the entire issued share capital of the Company.

COMPETITION

The following Director and his close associate are considered to have interests in the following business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Tang Yiu Sing ("Mr. Tang") is an executive Director and Mr. Tang Shing Bor is a non-executive Director. Mr. Tang is a director and the ultimate beneficial owner of Stan Group (Holdings) Limited ("Stan Group") which is engaged in, among others, the operation of a comprehensive business platform in Hong Kong, including but not limited to co-working space business, and Mr. Tang Shing Bor is the father of Mr. Tang. In this regard, Mr. Tang is considered to have interests in businesses which compete, or is likely to compete, either directly or indirectly, with the businesses of the Group.

Given the delineation in target customer, image, pricing segment and running model of the co-working space business of Stan Group and the Group's Elite Business Centre, and in particular, the Group's Elite Business Centre is located in a grade-A office building targeting multinational corporations and government authorities while the co-working space business of Stan Group is located in a revitalised industrial building targeting entrepreneurs and business start-ups, the Board considers that the potential competition is minimum and the interest of the Group is adequately protected. The co-working space business of Stan Group and the Group's Elite Business Centre is operated and managed by two distinct management teams except for Mr. Tang who as aforementioned is an executive Director and a director of Stan Group.

In order to further safeguard the interests of the Group, all Directors other than Mr Tang and Mr. Tang Shing Bor, being Directors not interested in the potential competing business of Stan Group, will review on a regular basis the businesses and operations of the Group to ensure that its business are run on the basis that they are independent of, and at arm's length from, Stan Group.

BUSINESS ENVIRONMENT

2015 marked an important milestone in the history of the Company with the change in controlling shareholder in July last year. The rich business experience and management philosophy of the new stakeholder, directors and top management team have brought a lot of insights and directions to the Company, formulating strategies for the future growth of the Company.

In the local market, the situation and public sentiment for outbound telemarketing service in Hong Kong have taken a turn for the worse in the past year. With an increasing number of reported fraudulent telephone calls, recipients of telemarketing call have become ever more cautious towards the call and making it even harder for caller to start the conversation or selling. Despite the Company does not perform cold calling, but rather calling the end customers on behalf of our corporate clients for different types of services, the overall sentiment of the public has imposed more difficulties to telemarketing and affected the results of the service.

To address the issue of fraudulent telephone calls, Hong Kong Monetary Authority ("HKMA") has put in more measures to protect the bank customers' interests by announcing on 31 August 2015 that all banks have to post the hotline numbers and relevant information on the websites of the individual retail banks, and there is a dedicated page newly set up on the websites of the HKMA and Hong Kong Association of Banks ("HKAB") for easy access by the public. Callers from retail banks will, in addition to giving out their full names, provide their phone extension number, direct telephone number, or staff ID number as "identifying numbers" when contacting the public who may verify callers' identity through the customer hotlines of the respective banks before one proceeds with any transactions. The public has responded well to the new disclosing measure, and with customers' confidence regained, the Company experienced minor impact on our telemarketing services.

Another challenge comes from call blocking apps which have continued to throw obstacles in the way of outbound telemarketing service. The number of customers reached through mobile phones has kept decreasing as a result of the call blocking function which, in turn, also affected the success of the service. The management of the Company continued to provide comprehensive training to improve the marketing skills of the contact centre agents and enhance their awareness on the compliance requirements from the authorities.

The uncertainties of business risk will likely continue in the coming year. The management of the Company made a response rapidly on these headwinds. To better evaluate and more effectively manage the business risks of the Company, the Board reformed the internal control committee to risk management and internal control committee ("RMICC") which comprises three independent executive Directors and two executive Directors in November 2015. The major objective of RMICC is to review, assess, identify and report any business risks, conflict of interest and/or competition to the Board, and at the same time propose appropriate resolution, if any.

On the other hand, the supply in the local general labour market was considerably improved in the second half of 2015 together with a continuous momentum, and it is expected that a certain extent of pressure on staff recruiting and retention can be relieved in the near future, which may favourably result in better control of labour cost and delivery of higher quality services. Having said that, labour cost continued to climb up especially in those highly sought after areas such as IT and software development, and the trend is expected to continue in 2016, driving up the system maintenance as well as research and development expenses.

Although 2015 has been a challenging year with the overall political and economic situation in Hong Kong, new regulations for telemarketing calls, the lowest annual growth rate of 6.9% in the People's Republic of China (the "PRC") in 25 years and the modest growth in Eurozone provided little comfort in global market turmoil, the Company has seen a slight revenue growth in its business with the drive coming from telemarketing and staff insourcing service demands.

FINANCIAL REVIEW

Subsequent to the disposal of Elite Depot Holdings Limited and its subsidiaries ("PRC Business Units") on 22 December 2014 (the "Disposal"), both the revenue and the operating costs decreased as compare with the corresponding period in 2014. The financial performance of this year reflects the impact of the withdrawal from the market in the PRC as a result of the Disposal. Besides, the financial performance of the Company was affected by the challenging business environment as stated under the section headed "Business Environment" in this report.

REVENUE

The Group recorded a decrease in total revenue to approximately HK$143.6 million for the year ended 31 December 2015 from approximately HK$176.0 million for the year ended 31 December 2014, representing a decrease of approximately HK$32.4 million as compared to that of last year.

The total outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and others accounted for approximately 9.4%, 45.2%, 22.4%, 16.8% and 6.2% of the Group's total revenue for the year ended 31 December 2015 respectively.

The following table sets forth the analysis of revenue by business units of our Group for the years ended 31 December 2015 and 2014 respectively:

	Year ended 31 December 2015 HK$'000		Year ended 31 December 2014 HK$'000	
Outsourcing inbound contact service	**13,440**	**9.4%**	31,866	18.1%
Outsourcing outbound contact service	**64,969**	**45.2%**	73,353	41.7%
Staff insourcing service	**32,279**	**22.4%**	33,078	18.8%
Contact service centre facilities management service	**24,054**	**16.8%**	29,747	16.9%
Others*	**8,870**	**6.2%**	8,000	4.5%
Revenue	**143,612**	**100%**	176,044	100%

* The "Others" segment which principally comprises licencing and system maintenance income amounted to approximately HK$1.3 million (2014: HK$1.6 million) and sale of system and software income amounted to approximately HK$7.5 million (2014: HK$6.4 million).

COMPOSITION OF REVENUE BY COUNTRY

The following table sets forth the analysis of the segment by country of the Group for the years ended 31 December 2015 and 2014 respectively:

	Year ended 31 December 2015		Year ended 31 December 2014	
	HK$'000	**% to Group's turnover**	HK$'000	% to Group's turnover
HK	**143,612**	**100**	136,455	77.5%
PRC	**–**	**–**	39,589	22.5%
Total	**143,612**	**100**	176,044	100%

The Group did not record any revenue generated from PRC due to the Disposal. The Group recorded a total revenue amounted to approximately HK$143.6 million and approximately HK$176.0 million for the years ended 31 December 2015 and 2014 respectively.

OUTSOURCING INBOUND CONTACT SERVICE

For the year ended 31 December 2015, the outsourcing inbound contact service segment recorded a revenue of approximately HK$13.4 million, representing a decrease of approximately 57.8% as compared to that of last year. The decrease of revenue was mainly due to the disposal of PRC Business Units. The Group recorded similar revenue for Hong Kong market for the year ended 31 December 2015 as compared to the last year for outsourcing inbound contact service.

OUTSOURCING OUTBOUND CONTACT SERVICE

For the year ended 31 December 2015, the outsourcing outbound contact service segment recorded a revenue of approximately HK$65.0 million, representing a decrease of approximately 11.4% as compared to that of last year. The decrease of revenue was mainly due to the disposal of PRC Business Units.

The Group recorded a slightly increase in revenue for Hong Kong market for the year ended 31 December 2015 of approximately HK$ 8.0 million as compared to the last year for outsourcing outbound contact service. The stable increasing trend of the revenue of outsourcing outbound contact service represents the effectiveness of the strategies adopted by the Group to cope with the challenge comes up from the blocking apps and fraudulent telephone calls as addressed under the section headed "Business Environment" in this report.

STAFF INSOURCING SERVICE

For the year ended 31 December 2015, the staff insourcing service segment recorded a revenue of approximately HK$32.3 million, representing a slightly decrease of approximately 2.4% as compared to that of last year. The decrease of revenue was mainly due to the disposal of PRC Business Units.

The Group recorded a slightly increase in revenue for Hong Kong market for the year ended 31 December 2015 of approximately HK$ 3.2 million as compared to the last year for staff insoucing service. The stable increasing trend of the revenue of staff insoucing service represents a stable demand of staff insoucing service in Hong Kong.

CONTACT SERVICE CENTRE FACILITIES MANAGEMENT SERVICE

For the year ended 31 December 2015, the contact service centre facilities management service segment recorded revenue of approximately HK$24.1 million, representing a decrease of approximately 19.1% as compared to that of last year.

OTHERS

For the year ended 31 December 2015, the Group recorded a revenue in sale of system and software of approximately HK$7.5 million (2014: approximately HK$6.4 million) and licence fee income of approximately HK$1.3 million respectively (2014: approximately HK$1.6 million) which showed a positive and increasing trend.

SEGMENT RESULT AND GROSS PROFIT MARGIN

The following table sets forth the analysis of segment result and gross profit margin by business units of our Group for the years ended 31 December 2015 and 2014 respectively:

	Year ended 31 December 2015 HK$'000		Year ended 31 December 2014 HK$'000	
Outsourcing inbound contact service	**2,340**	**17.4%**	4,299	13.5%
Outsourcing outbound contact service	**5,957**	**9.2%**	9,012	12.3%
Staff insourcing service	**3,786**	**11.7%**	6,221	18.8%
Contact service centre facilities management service	**7,354**	**30.6%**	8,755	29.4%
Others*	**5,097**	**57.5%**	5,300	66.2%
Revenue	**24,534**	**17.1%**	33,587	19.1%

The gross profit percentage of our Group decreased from approximately 19.1% for the year ended 31 December 2014 to approximately 17.1% for the year ended 31 December 2015. The overall decrease in segment result and the gross profit margin reflect the impact on the market of contact centre service due to the blocking apps and fraudulent telephone calls in Hong Kong market.

OUTSOURCING INBOUND CONTACT SERVICE

The gross profit margin in outsourcing inbound contact service increased from approximately 13.5% for the year ended 31 December 2014 to approximately 17.4% for the year ended 31 December 2015. The increase in the segment result is mainly attributable to the disposal of PRC Business Units with lower margin of outsourcing inbound contact service.

OUTSOURCING OUTBOUND CONTACT SERVICE

The gross profit margin in outsourcing outbound contact service decreased from approximately 12.3% for the year ended 31 December 2014 to approximately 9.2% for the year ended 31 December 2015. The drop was mainly attributable to the increasing resources spent in coping with the challenge created by the blocking apps, fraudulent telephone calls and the increase of the employee salary and benefits of the contact centre agencies.

STAFF INSOURCING SERVICE

The gross profit margin in staff insourcing service decreased from approximately 18.8% for the year ended 31 December 2014 to approximately 11.7% for the year ended 31 December 2015. The decrease in the gross profit margin reflects the impact of the challenge of business environment which was mentioned in the section headed “Business Environment” in this report, on the Group.

CONTACT SERVICE CENTRE FACILITIES MANAGEMENT SERVICE

The gross profit margin in contact service centre facilities management service slightly increased from approximately 29.4% for the year ended 31 December 2014 to approximately 30.6% for the year ended 31 December 2015. The increase in gross profit margin in this segment represents the effectiveness of our pricing strategy in coping with the challenge of increasing rent and employee benefits.

OTHERS

The “Others” segment principally comprises sale of system and software, licence service fee income and maintenance fee of WISE-xb Contact Centre System. The decrease in segment result mainly attributable to lower margin products sold to the customers as compared to that of last year.

EXPENSES

During the year under review, the employee benefit expenses decreased from approximately HK$101.2 million for the year ended 31 December 2014 to approximately HK$81.0 million for the year ended 31 December 2015. The decrease of employee benefit expenses was mainly due to the disposal of the PRC Business Units.

The Group recorded other operating expenses amounted to approximately HK$41.1 million (2014: approximately HK$49.7 million). The other operating expenses to sales ratio increased from approximately 28.2% for the year ended 31 December 2014 to approximately 28.6% for the year ended 31 December 2015. The effect of the decrease in the other operating expenses due to the disposal of PRC Business Units was set off against, including but not limited to the increase in the fair value loss on the financial assets designated as at fair value through profit or loss amounted to approximately HK$0.5 million; the exclusion on the gain on disposal of subsidiary resulting from the Disposal amounted to approximately HK$0.8 million; the increase in legal and professional fee amounted to approximately HK$0.4 million and the increase in the exchange loss as compared to that of the last year respectively.

The Group's depreciation and amortization expenses decreased from approximately HK$9.6 million for the year ended 31 December 2014 to approximately HK$8.3 million for the year ended 31 December 2015 which was mainly due to the exclusion of depreciation and amortization expenses of the PRC Business Units.

The Group's finance costs decreased to approximately HK$0.6 million for the year ended 31 December 2015 from approximately HK$0.7 million for the year ended 31 December 2014.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's profit attributable to owners of the Company decreased from approximately HK$14.3 million for the year ended 31 December 2014 to approximately HK$9.2 million for the year ended 31 December 2015. The decrease in profit attributable to owners of the Company was mainly due to the increase of employee benefits expenses, the increase of other operating expenses in Hong Kong market, the increase of the fair value loss of financial assets and the increase of exchange loss.

AWARDS AND CERTIFICATION

In 2015, the Group has again successfully renewed and attained the ISO 9001:2008 Quality Management System Certificate and ISO 27001 Information Security Management System (ISMS) Certificate, which were both audited and certified by the Hong Kong Quality Assurance Agency (HKQAA).

In addition to obtaining the "Caring Company" certification for the second year in 2015, the Group was proud to be one of the 19 companies out of over 3,000 caring companies in Hong Kong to be nominated for the "Outstanding Partnership Project Award".

In the field of education, the Group has continued to support the "Epro Telecom Scholarship" as a means to recognize and reward students who have achieved outstanding academic results.

As a continual commitment to good corporate citizenship, the Group again joined hands with the Mental Health Association of Hong Kong Cornwall School in organizing the "Parent-Child Fun Day" at the Dream Come True Education Park at the Hong Kong International Airport in July 2015. The objective of the event was to share our caring with and bring fun to the group of unfortunate children with our colleagues as well as their families. The Group also co-hosted a fund raising hiking event to raise fund for the first aid services and other non-government funded services for the Association in November 2015.

The Group also joined the "Skip Lunch Day" organised by the Community Chest of Hong Kong in March 2015 to encourage our staff to donate their lunch money to help to improve the living standard of street dwellers and cage home residents in Hong Kong.

Early this year, the Group together with over 70 staff and their family members joined the Community Chest's "Walk for Millions" for the 10km walk starting from the Hong Kong Stadium. The meaningful event did not only provide a chance for charity, but also let our staff to have an enjoyable day with their friends and families outdoor.

PROSPECT

Followed the appointment of the new Directors in July 2015, the Company organised a series of training, workshop and meeting for the new and old management to gain more in-depth understanding of each other as well as the business and operating characteristics of the Company. During the period, new management philosophy and style had been introduced and embraced, while synergies and new business opportunities and potential were identified.

Through an earlier engagement of an IT Consultant to assess our technical calibre, the Company had identified a few potential strategies to be adopted as the ways forward. One of the new initiatives to be considered for adopting is to advance our proprietary contact centre system to the cloud platform through the Software as a Service (SaaS) model. The new platform will allow the Company to offer our WISE-xb Contact Centre System not only as a customized system solution, but also through a software distribution model on the Internet that can be marketed to anywhere in the world.

In addition, the Company is also interested in exploring new opportunities in other industries as a way to further broaden and diversify the current business of the Company. Financial service consultant is to be engaged to assess the potential and synergy of the financial and security industries with the objective to formulate another future business strategy of the Company.

Our gross profit margin pressure is expected to release in some extent since the management expected the inflation would becomes lower and thus the pressure of operating cost would become lower in the coming year. Ride on the improving trend of the local labour market together with the stable demand in staff insourcing and outsourcing outbound services, the management of the Company believed the business of contact centre services will continue to be stable in 2016. Moreover, we have proven that our management was capable to maintain our business growth in some of the segments by providing more tailored made services to our clients. Our flexibility and scalability is still keeping us in a competitive position in contact centre service market. The management of the Company believe that the adaptability of our loyal staff and the rich management experience of the newly appointed Directors will continue to support our position as a leading provider in the industry.

ENVIRONMENT PROTECTION

The Group has long developed the environmental protection policy to promote and practise environmental friendly measures within the Group. We have been proactively using eco-friendly products in the office including changing majority of our lighting to LED, recycling toner cartridges and paper, reusing waste paper, encouraging double side printing, automatic PC switch off at non-office hour, etc. The estimated greenhouse gas reduction from the paper recycling exercise was approximately 14,000 kg which roughly equals to planting over 350 tree seedlings.

DIVIDEND

During the year under review, the Group declared and paid dividends in aggregate amounts of approximately HK$1.26 million for the six months ended 30 June 2015 to the shareholders of the Company on 4 September 2015.

The Board has resolved to recommend the payment of a final dividend of HK0.96 cents per ordinary share for the year ended 31 December 2015 (2014: HK1.5 cents) on or about 19 May 2016 (Thursday) to the shareholders of the Company whose names recorded on the register of members of the Company as at 13 May 2016 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 May 2016 (Tuesday) to 13 May 2016 (Friday) (both days inclusive) during which period no transfers of Shares would be registered. In order to qualify for the final dividend, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 9 May 2016 (Monday).

LIQUIDITY AND FINANCIAL POSITION

The Group adheres to a prudent financial management policy and has a healthy financial position. During the year under the review, the Group financed our operations with internally generated cash flows and banking facilities provided by the banks.

As at 31 December 2015, the Group had net current asset of approximately HK$95.0 million (2014: approximately HK$87.1 million) including cash and bank balances of approximately HK$31.9 million (2014: approximately HK$17.1 million).

As at 31 December 2015, the Group's current ratio (current assets/current liabilities) and gearing ratio were 6.8 (2014: 6.4) and 1.4% (2014: 3.2%) respectively. The gearing ratio was defined as the borrowing divided by the total assets.

The Group had interest-bearing loan approximately HK$1.7 million (2014: HK$3.9 million). The debt-to-equity ratio (total loans/total equity) was 1.6% (2014: 3.8%).

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged its bank deposits of approximately HK$4.8 million (2014: approximately HK$4.8 million) and had pledged investment fund amounted to approximately HK$6.6 million to secure its banking facilities and trade receivable financing.

FOREIGN EXCHANGE EXPOSURE

Substantially all the revenue-generating operations of the Group were transacted in Hong Kong dollars during the year under review which is the functional currency of the Company and the presentation currency of the Group. The Group therefore does not have significant foreign exchange risk.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had no significant contingent liabilities as at 31 December 2015 (2014: Nil). As at 31 December 2015, there was no capital commitments outstanding but not provided for in the financial statements (2014: Nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there were no significant investments held as at 31 December 2015, nor were there material acquisitions and disposals of subsidiaries during the year. There was no plan for material investments or capital assets as at 31 December 2015.

NUMBER AND REMUNERATION OF EMPLOYEE

The Group employed an average of approximately 500 employees in 2015 (2014: approximately 1,022 employees). Remuneration was maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industry practice. The remuneration packages mainly comprise salary payments, group medical insurance plans, mandatory provident fund and discretionary bonuses awarded on a performance basis.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the listed securities of the Company for the year ended 31 December 2015.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company comprising Mr. Ngan Chi Keung (Chairman), Mr. Wong Sik Kei and Mr. Yung Kai Tai, all being independent non-executive Directors, had reviewed the audited consolidated results of the Group for the year ended 31 December 2015.

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tang Yiu Sing (鄧耀昇), aged 30, was appointed as an executive Director and a director of the relevant members of the Group on 29 July 2015 and is the Chief Executive Officer of the Group, an authorised representative and a member of the remuneration committee, the nomination committee and the risk management and internal control committee of the Company. He has over 10 years of experience in corporate management and property investment. He is the founder and Chief Executive Officer of Stan Group (Holding) Limited ("Stan Group"), a company engaged in various businesses such as restaurant operation, hotel management, marketing, property investment, storage, wedding planning services and financing, and is responsible for the corporate strategic planning and overall business development of the company. Mr. YS Tang is the Honorary Chairman of the Association for Hong Kong Catering Services Management Limited, a member of Chinese Entrepreneurs Organization, Secretary of Lions Club of Metropolitan Hong Kong and a Director of Innovative Entrepreneur Association. Mr. YS Tang obtained a master's degree in Business Administration from the University of Western Ontario in 2014. He is also the son of Mr. Tang Shing Bor, a non-executive Director of the Company.

Mr. Yeung Ka Wing (楊家榮), aged 44, was appointed as an executive Director and a director of the relevant members of the Group on 29 July 2015 and is the Compliance Officer, an authorised representative and a member of the nomination committee and the risk management and internal control committee of the Company. He has over 20 years of experience in accounting, auditing, and corporate restructuring. He is the Chief Financial Officer of Stan Group. Prior to joining Stan Group, Mr. Yeung was the managing director of FTI Consulting, a consulting company specialised in, among other things, corporate restructuring, receivership and forensic accounting. Mr. Yeung was an Executive Director of Creative Energy Solutions Holdings Limited (stock code: 8109) ("Creative Energy"), a company listed on GEM, for the period from 30 January 2010 to 29 July 2010. During the term of Mr. Yeung's office as its Executive Director, the group of Creative Energy was principally engaged in the provision of energy saving services and sales of energy saving products. Following the completion of the restructuring of Creative Energy, Mr. Yeung resigned as an Executive Director of Creative Energy with effect from 29 July 2010. Mr. Yeung was graduated from Simon Fraser University with a bachelor's degree in Business Administration majoring in Accounting in 1994 and obtained a master's degree in Business Administration from the University of Western Ontario in 2014. He is a member of the American Institute of Certified Public Accountants and a Chartered Global Management Accountant.

NON-EXECUTIVE DIRECTOR

Mr. Tang Shing Bor (鄧成波), aged 82, was appointed as a non-executive Director on 29 July 2015 and is the Chairman of the Board. He has over 40 years' experience in property investment and developments and also has experience in food and beverage industry and retail industry in Hong Kong. Mr. Tang is the father of Mr. YS Tang, an executive Director of the Company. He is also the sole beneficial owner and a director of Million Top Enterprises Limited, the controlling shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Sik Kei (王錫基), aged 68, was appointed as an independent non-executive Director and a member of the audit committee and remuneration committee of the Company on 21 December 2011 and the Chairman of the nomination committee on 19 March 2012. Mr. Wong obtained a Bachelor of Science in Engineering from the University of Hong Kong in 1971. He also obtained a Master of Philosophy in 1977 and a Master of Social Sciences from the University of Hong Kong in 1980. Mr. Wong joined the Hong Kong Government as an Assistant Telecommunications Engineer in the Post Office in September 1974. He was promoted to Telecommunications Engineer in September 1978, to Senior Telecommunications Engineer in July 1980, to Chief Telecommunications Engineer in June 1984, and to Assistant Postmaster General in July 1988. In March 1994, he was appointed as Senior Assistant Director of Telecommunications in the Office of the Telecommunications Authority ("OFTA"). Mr. Wong served as the director general of the OFTA from 1997 to 2003. In 2003, Mr. Wong left the OFTA and became the Commissioner of the Innovation and Technology Department of the Hong Kong Government. Mr. SK Wong officially retired from the Hong Kong Government in 2007.

Mr. Ngan Chi Keung (顏志強), aged 41, was appointed as an independent non-executive Director, a member of the remuneration committee and the Chairman of the audit committee of the Company on 21 December 2011 and a member of the nomination committee on 19 March 2012. Mr. Ngan obtained a bachelor degree in Business Administration in Accounting from the Hong Kong Baptist University in 1998. Mr. Ngan is a member of The Association of Chartered Certified Accountants since 2001 and a member of the Hong Kong Institute of Certified Public Accountants since 2002. Mr. Ngan became the financial controller in Wing Hing International (Holdings) Limited (Stock Code: 621) listed on the Main Board from 2007 to 2010 and is currently the financial controller in W. Hing Construction Company Limited since 2007.

Mr. Yung Kai Tai (容啟泰), aged 64, was appointed as an independent non-executive Director, the Chairman of the remuneration committee, a member of each of the audit committee and the nomination committee on 1 February 2013. Mr. Yung obtained a Bachelor of Science degree majoring in Physics and minoring in Electronics and a Master of Business Administration, both from the Chinese University of Hong Kong, in 1973 and 1986 respectively. Mr. Yung also completed a Harvard Business School Executive Education in 1997. Mr. Yung has extensive knowledge and 33 years' experience in the ICT industry. Before his retirement in 2011, Mr. Yung was the General Manager of the Hong Kong Productivity Council, responsible for the development of the ICT industry in Hong Kong. Mr. Yung has once acted as the Chairman of the Hong Kong Game Industry Association, the Vice President of the Hong Kong Software Industry Association and the Vice President of the Hong Kong Association for Advancement of Science and Technology. Mr. Yung was also elected as Distinguished Fellow of the Hong Kong Computer Society and member of the first three Election Committees of the Hong Kong Special Administrative Region.

SENIOR MANAGEMENT

Ms. Chang Men Yee Carol (張敏儀), aged 52, is the Chief Operating Officer of the Group, Ms. Chang joined the Group on 1 January 1991 and is also a director of all the subsidiaries of the Company. Ms. Chang is responsible for the business and resources planning, operational administration, sales and marketing supervision of the Group. Ms. Chang holds a degree in Bachelor of Arts from The University of Texas at Austin in the United States of America in 1986.

Mr. Suen Fuk Hoi (孫福開), aged 51, is the company secretary and the Finance Controller of the Group, Mr. Suen joined the Group on 20 June 2003 and is responsible for financial planning and management of the Group. Mr. Suen holds a degree in Bachelor of Business Administration from The Open Learning Institute of Hong Kong (now known as The Open University of Hong Kong) in 1995. Mr. Suen has been a member of the Hong Kong Institute of Certified Public Accountants since January 1999 and has also been admitted as an associate of the Association of International Accountants since October 1998.

Mr. Yeung Tim Hee Tony (楊添喜), aged 55, joined the Group on 28 June 1999. He is the General Manager for Call Centre of the Group. Mr. Yeung has over 31 years of experience in the contact service centre industry and has been responsible for the supervision of the operation of contact service centres since 1986, and is extensively experienced therein.

Mr. Yu Yeuk Sze (余若詩), aged 49, joined the Group on 23 January 2003. He is the General Manager for Information Technology of the Group. Mr. Yu graduated with a degree in Bachelor of Science in Information Technology from the City Polytechnic of Hong Kong (now known as City University of Hong Kong) in 1991. Mr. Yu has more than 12 years of experience in information technology & project management.

Mr. Cheung Chi Tat (張志達), aged 53, joined the Group on 20 August 1990. He is the Software Development Manager of the Group. Mr. Cheung obtained a Higher Diploma in Electronic Engineering from The Hong Kong Polytechnic (now known as "The Hong Kong Polytechnic University") in 1986 and possesses over 27 years of experience in electronic engineering.

Ms. Yung Kwan Yee (容坤儀), aged 45, joined our Group on 3 September 2001. She is the Corporate Division Manager of the Group. Ms. Yung obtained a degree in Bachelor of Arts from York University in Canada in 1996. Ms. Yung has more than 17 years' extensive experience in sales and marketing in the telecommunications industry.

Ms. Chan Yin Ming (陳燕鳴), aged 42, joined the Group on 20 April 2004. She is the Assistant Finance Manager of the Group. Ms. Chan graduated with a degree in Bachelor of Business Administration in 1998 from Simon Fraser University in Canada. Ms. Chan has been a member of the Hong Kong Institute of Certified Public Accountants since 2007 and was also admitted as a member of the Association of Chartered Certified Accountants in 2006. Ms. Chan has over 17 years of experience in accounting.

Mr. Siu Man On (蕭文安), aged 37, joined the Group on 2 March 2009. He is the Head of Corporate Finance and Planning of the Group. Mr. Siu obtained a degree in Bachelor of Commerce in Australia in 2003. He has been a member of Certified Practising Accountant Australia since August 2007 and a member of The Hong Kong Institute of Certified Public Accountants since September 2008. Mr. Siu has more than 12 years of experience in auditing and accounting.

CORPORATE GOVERNANCE PRACTICES

Recognising the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "Code") in Appendix 15 to the GEM Listing Rules of the Stock Exchange.

For the year ended 31 December 2015, the Company has complied with all the code provisions as set out in the Code except for the code provisions A.6.2 (a) of the Code, details of which are set out below.

According to code provision A.6.2 (a) of the Code, the functions of non-executive directors should include participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. During the period under review, Mr. Tang Shing Bor, a non-executive Director appointed on 29 July 2015, was absent from two board meetings due to other important engagement in the relevant time and another board meeting as he has interest in the subject matters of such meeting.

The Company continues to enhance its corporate governance practices appropriate to the conduct and growth of its business, and to review and improve such practices from time to time to ensure that business activities and decision making processes are regulated in a proper and prudent manner in accordance with international best practices.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the Directors, all Directors (including the former Directors who were in office during the year) confirmed that they have complied with the required standard of dealings concerning securities transactions by the Directors throughout the year ended 31 December 2015.

BOARD OF DIRECTORS

BOARD COMPOSITION

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors
Mr. Tang Yiu Sing *(Chief Executive Officer)*
Mr. Yeung Ka Wing

Non-Executive Director
Mr. Tang Shing Bor *(Chairman)*

Independent Non-Executive Directors
Mr. Wong Sik Kei
Mr. Ngan Chi Keung
Mr. Yung Kai Tai

The particulars of the Directors and other senior management are disclosed in the section headed "Particulars of Directors and Senior Management" on pages 19 to 21 in this report. Save as disclosed in this report, there is no relationship, including financial, business, family or other material/relevant relationship(s) among members of the Board and between the Chairman and the Chief Executive Officer of the Company. The Board formed the view that the composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive corporate and strategic planning experiences that may contribute to the business of the Group.

The Board is accountable to shareholders for the Company's performance and activities and is responsible for the leadership and control of, and promoting the success of the Company. This is achieved by the setting up of corporate and strategic objectives and policies, and the monitoring and evaluations of operating activities, internal control policies and financial performance of the Company.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

The day-to-day management, administration and operations of the Company are delegated to the Chief Executive Officer and senior management of the Company. The Board has delegated a schedule of responsibilities to these officers for the implementation of the Board's decisions. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board's approval. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

In compliance with Rules 5.05(1) and (2) of the GEM Listing Rules, the Company has three independent non-executive Directors, representing more than one-third of the Board, and at least one of them has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. The Company, based on such confirmation, considers all Independent Non-Executive Directors to be independent.

DIRECTORS' TRAINING

Each of the newly appointed Directors (if any) is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statues, laws, rules and regulations. The company secretary of the Company (the "Company Secretary") also provides Directors with updates on latest development and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time.

The Directors (including the existing Directors, namely, Messrs. Tang Shing Bor, Tang Yiu Sing, Yeung Ka Wing, Wong Sik Kei, Ngan Chi Keung and Yung Kai Tai; and the former Directors who were in office during the year, namely, Messrs. Wong Wai Hon Telly, Ling Chiu Yum, Tsui Kit Yuan, Phung Nhuong Giang, Suen Fuk Hoi and Ms. Chang Men Yee Carol) also participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group by attending seminars/courses and/or reading relevant materials thereto.

BOARD MEETING AND PROCEDURES

The Board schedules at least four meetings a year at approximately quarterly intervals and will meet as necessary to discuss the overall strategy and operational or financial performance of the Company. The Directors can attend Board meetings in persons or through other means of electronic communication in accordance with the articles of association of the Company (the "Articles of Association"). All Board meetings involve the active participation of the Directors who make effort to contribute the formulation of policy and the success of the Company.

DIRECTORS' ATTENDANCE AT BOARD/BOARD COMMITTEE/GENERAL MEETINGS

Apart from obtaining consents from all Board members through circulation of written resolutions, the Board held five Board meetings and one general meeting for the year ended 31 December 2015, and the attendance records of individual directors are set below:–

	Number of Meeting Attended/Held(1)	
	Board Meeting	**General Meeting**
Executive Directors:		
Mr. Tang Yiu Sing(2) (6)	2/3	N/A
Mr. Yeung Ka Wing(2)	3/3	N/A
Mr. Tsui Kit Yuen(3)	2/2	N/A
Mr. Ling Chiu Yum(4)	3/3	1/1
Mr. Wong Wai Hon Telly(4)	2/3	1/1
Ms. Chang Men Yee Carol(4)	3/3	1/1
Mr. Suen Fuk Hoi(4)	3/3	1/1
Mr. Phung Nhuong Giang(5)	1/1	1/1
Non-executive Director:		
Mr. Tang Shing Bor(2) (6)	0/3	N/A
Independent Non-executive Directors:		
Mr. Wong Sik Kei	5/5	1/1
Mr. Ngan Chi Keung	5/5	1/1
Mr. Yung Kai Tai	5/5	1/1

Notes:

1. Refers to the number of meetings attended/held while the Board member holds his/her office.

2. Their respective directorship commenced on 29 July 2015.
3. Mr. Tsui's directorship commenced on 29 July 2015 and lasts up to 29 November 2015.
4. Their respective directorship lasts up to 18 August 2015.
5. Mr. Phung's directorship lasts up to 31 March 2015.
6. Interested in the subject matters of one of the Board meetings.

The Company Secretary is responsible for assisting the Chairman to prepare the agenda of Board meetings (the "Agenda") and each Director may request to include any matters in the Agenda. Notice of at least fourteen days is given for a regular Board meeting. The Board papers are circulated at least three days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors may access the advice and services of the Company Secretary who regularly updates the Board on corporate governance and regulatory matters. In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. The Company Secretary is also responsible for preparing minutes and keeping records in sufficient detail of matters discussed and decisions resolved at all Board meetings. Draft Board minutes are normally circulated to all Directors for comments within a reasonable time after each Board meeting. All minutes of the Board meetings are open for inspection at any reasonable time on reasonable notice by any Director.

Should a potential conflict of interest involving a substantial shareholder or a Director arise, the matter will be discussed in a physical meeting, as opposed to being dealt with by written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against the Directors.

Independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors. An updated list of the Directors identifying the independent non-executive Directors and the roles and functions of the Directors is maintained on the websites of the Company and the Stock Exchange.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing. To ensure a balance of power and authority, the roles of the Chairman and the Chief Executive Officer are segregated and performed by Mr. Wong Wai Hon Telly and Ms. Chang Men Yee Carol respectively for the period up to 18 August 2015, and by Mr. Tang Shing Bor and Mr. Tang Yiu Sing respectively thereafter.

The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. He takes primary responsibility for ensuring that good corporate governance practices and procedures are established. Directors are encouraged to participate actively in all Board and committee meetings of which they are members and voice their concerns. Sufficient time for discussion of issues is allowed and the consensus of the Directors are reflected in the Board's decisions.

During the year ended 31 December 2015, the Chairman had met with the independent non-executive Directors without the presence of the executive Directors to discuss the matters of the Company.

DIRECTORS' APPOINTMENT, RE-ELECTION AND REMOVAL

Each of the executive Directors and the non-executive Director has entered into a service contract with the Company for a term of three years commencing on 29 July 2015.

Each of the independent non-executive Directors has entered into a service contract or a appointment letter with the Company for a term of three years commencing on 21 December 2014 respectively.

All Directors are subject to retirement by rotation at least once in every three years in accordance with the Articles of Association. The Directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last re-election.

BOARD COMMITTEES

NOMINATION COMMITTEE

The Nomination Committee was established with written terms of reference in compliance with the GEM Listing Rules and the Code from time to time. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nominee Committee is responsible for the formulation of nomination policies, review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis, and where necessary, nominating potential candidates to fill casual vacancies or for additional appointments on the Board and senior management of the Company.

The Chairman may in conjunction with other Directors from time to time review the structure, size and composition of the Board in particular to ensure there are appropriate numbers of Directors on the Board. The Board may also identify and nominate qualified individuals for appointment as new Directors based on their qualifications, abilities and potential contributions to the Company.

The members of the Nomination Committee currently comprise Mr. Wong Sik Kei (Chairman), Mr. Tang Yiu Sing, Mr. Yeung Ka Wing, Mr. Ngan Chi Keung, and Mr. Yung Kai Tai, the majority of whom are independent non-executive Directors.

During the year ended 31 December 2015, the Nomination Committee held two meetings, and the attendance records of the individual committee members are set out below:–

	Number of Meetings Attended/Held [(1)]
Mr. Wong Sik Kei (Chairman)	2/2
Mr. Tang Yiu Sing[(2)]	1/1
Mr. Yeung Ka Wing[(2)]	1/1
Mr. Ngan Chi Keung	2/2
Mr. Yung Kai Tai	2/2
Mr. Ling Chiu Yum[(3)]	1/1
Ms. Chang Men Yee Carol[(3)]	1/1

Notes:

1. Refers to the number of meetings attended/held while the member of Nomination Committee holds his/her office.
2. Their respective membership commenced on 19 August 2015.
3. Their respective membership ceased on 19 August 2015.

The summary of work of the Nomination Committee during the year is as follows:

– reviewed the Board's structure, size and composition based on the board diversity policy adopted by the Board of Directors in September 2013 (the "Board Diversity Policy");

– evaluated the Board performance;

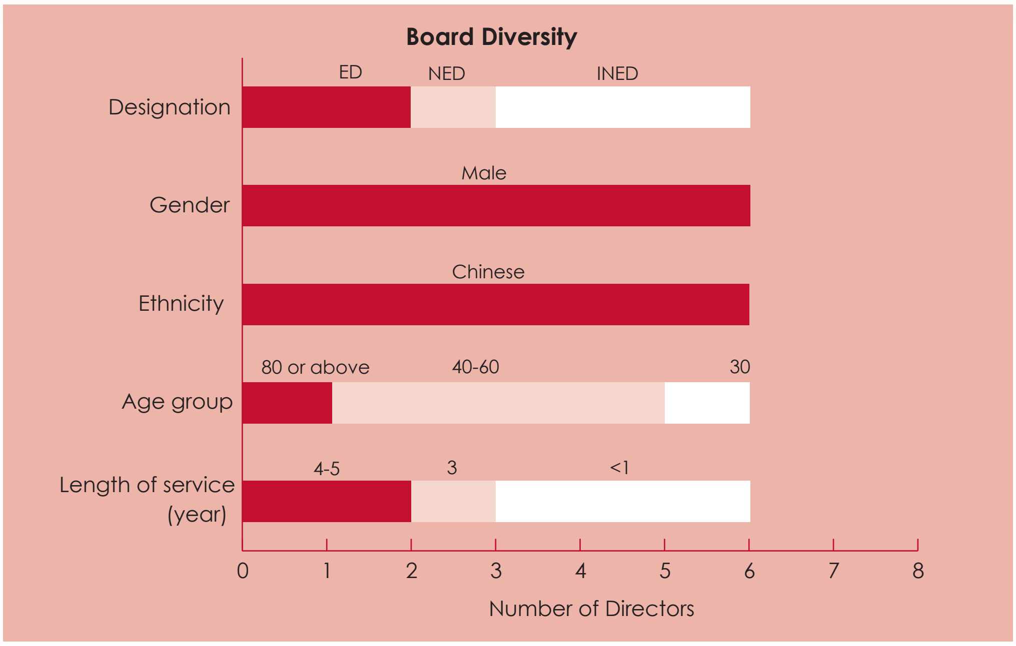
– reviewed the independence of the independent non-executive Directors; and

– made recommendation on the retiring Directors at the Annual General Meeting of the Company.

According to the Board Diversity Policy, in designing the Board's composition, the diversity of the Board has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of the diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

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



ED: Executive Director
NED: Non-Executive Director
INED: Independent Non-Executive Director

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledges their responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are prepared in accordance with the statutory requirements and applicable accounting standards. The statement prepared by the external auditors of the Company about their responsibilities on the financial statements of the Company for the year ended 31 December 2015 is set out in the Independent Auditors' Report on pages 50 and 51. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The management provides sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information before approval.

The Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties under the GEM Listing Rules.

REMUNERATION COMMITTEE

The Remuneration Committee was established with written terms of reference in compliance with the GEM Listing Rules and the Code from time to time. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to the Directors and senior management of the Group, review and evaluate their performance in order to make recommendations on the remuneration package of each of the Directors and senior management personnel as well as other employee benefit arrangements.

The members of the Remuneration Committee currently comprise Mr. Yung Kai Tai (Chairman), Mr. Tang Yiu Sing, Mr. Wong Sik Kei and Mr. Ngan Chi Keung, the majority of whom are independent non-executive Directors.

During the year ended 31 December 2015, the Remuneration Committee did not hold any meeting but made decisions by way of unanimously written resolutions.

The summary of work of the Remuneration Committee during the year is as follows:

– reviewed the remuneration packages of all newly appointed Directors who joined the Board on 29 July 2015 and recommended to the Board for approval.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with the GEM Listing Rules and the Code from time to time. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of the Group.

The members of the Audit Committee currently comprise Mr. Ngan Chi Keung (Chairman), Mr. Wong Sik Kei and Mr. Yung Kai Tai, all of whom are Independent Non-Executive Directors.

The Audit Committee held four meetings during the year ended 31 December 2015, and the attendance records of individual committee members are set below:

	Number of Meetings Attended/Held (1)
Mr. Ngan Chi Keung (Chairman)	4/4
Mr. Wong Sik Kei	4/4
Mr. Yung Kai Tai	4/4

Note:

1. Refers to the number of meetings attended/held while the member of Audit Committee holds his/her office.

The summary of work of the Audit Committee during the year is as follows:

- met with the external auditors and reviewed the annual, interim and quarterly reports of the Company;
- reviewed the effectiveness of the Company's internal control and risk management systems;
- reviewed and approved audit fee; and
- recommended the re-appointment of auditors.

RISK MANAGEMENT AND INTERNAL CONTROL COMMITTEE

The Risk Management and Internal Control Committee ("RMICC") was newly established in November 2015 in compliance with the GEM Listing Rules as amended applying to the accounting periods beginning and after 1 January 2016.

The primary duties of the RMICC are:

a) to evaluate the nature and extent of the Group's exposure to the risks in its business and the external environment and to review and ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems;

(b) to oversee the management in the design, implementation and monitoring of the risk management and internal control systems of the Group and ensure that a review of the effectiveness of such systems has been conducted at least annually; and

c) to monitor the effectiveness of the internal audit procedures in the compliance of the non-competition arrangement for controlling shareholders of the Company.

The members of the RMICC currently comprise Mr. Ngan Chi Keung (Chairman), Mr. Tang Yiu Sing, Mr. Yeung Ka Wing, Mr. Wong Sik Kei and Mr. Yung Kai Tai, the majority of whom are independent non-executive Directors.

The RMICC did not hold any meeting from November to December 2015. The work of the RMICC for the year ending 31 December 2016 will be reported in the Company's 2016 annual report.

AUDITORS AND THEIR REMUNERATION

The accounts for the year ended 31 December 2015 were audited by HLB Hodgson Impey Cheng Limited ("HIC") whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that HIC be re-appointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

During the year ended 31 December 2015, the remuneration paid or payable to HIC, the auditors of the Company, in respect of the audit services rendered was approximately HK$850,000 (2014: HK$926,000).

INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining an adequate and effective internal control system to safeguard shareholders' investments and Company's assets. The Company has established the internal control department for monitoring, testing and reviewing the Group's internal control system. It is in charge of verifying and reviewing the Group's operation and making recommendations for improvement to the Group by providing reports on the adequacy and effectiveness of the arrangements for risk management, control and corporate governance of the Group.

The Board and the Audit Committee have conducted review of the internal control system of the Group twice during the year under review to ensure an effective and adequate internal control system in place. Based on the reviews conducted, the Board and the Audit Committee are of the opinion that, in the absence of any evidence to the contrary, the internal control system in place is adequate in meeting the current scope of the Group's business operations.

CORPORATE GOVERNANCE FUNCTIONS

The Board, including all the executive Directors and independent non-executive Directors, is responsible for performing the corporate governance duties including developing and reviewing the Company's policies and practices on corporate governance. With the assistance of the Company Secretary, the Board reviews and monitors the training and continuous professional development of the Directors and senior management and the Company's policies and practices on compliance with legal and regulatory requirements. The Board is also responsible for developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and Directors.

DELEGATION BY THE BOARD

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company's Articles of Association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the Articles of Association).

With the establishment of the Audit Committee, Remuneration Committee, Nomination Committee, the RMICC, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

COMPANY SECRETARY

The Board approves the selection, appointment or dismissal of the Company Secretary. The Company Secretary reports to the Chairman of the Board and/or the chief executive officer of the Company. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable laws, rules and regulations, are followed.

During the year under review, Mr. Suen Fuk Hoi acted as company secretary of the Company. Mr. Suen Fuk Hoi undertook over 15 hours' professional training to update his skill and knowledge in compliance with the GEM Listing Rules.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year under review, there are no changes in the constitutional documents of the Company.

SHAREHOLDERS' RIGHTS

According to the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

And, if a shareholder wishes to propose a person other than a Director retiring at the meeting for election as a Director at an annual general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting should deposit a written notice of nomination at the head office of the Company or at the office of the Company's Branch Share Registrar at least a 7-day period commencing from the day after the dispatch of the notice of the annual general meeting and ending on no later than seven (7) days prior to the date of such general meeting. The relevant procedures are set out in the circular regarding, among others, the 2016 Annual General Meeting of the Company, which will be delivered together with the 2015 Annual Report of the Company to the shareholders.

THE PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Specific enquiries from shareholders to the Board can be sent in writing to the Company at our head office in Hong Kong or by email through info@eprotel.com.hk as stated on the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining clear, timely and effective communication with the shareholders and investors of the Company. The Board also recognises that effective communication with investors is the key to establish investors' confidence and to attract new investors. Therefore, the Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting of the Company, the publication of annual, interim and quarterly reports, notices, announcements and circulars. The Company also disseminates information to the shareholders and investors of the Company through its website at www.etsgroup.com.hk.

The Chairman of the Board attends the annual general meeting. The chairmen of the Audit, Remuneration and Nomination Committees and the RMICC are invited to attend the annual general meeting to answer questions at the annual general meeting. The external auditors are invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The notice of annual general meeting is distributed to all shareholders at least 20 clear business days prior to the annual general meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the GEM Listing Rules. The chairman of the annual general meeting exercises his power under the Articles of Association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the GEM website and the Company's website on the day of the annual general meeting.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information, news and events about the Group on its website for easy access by the shareholders.

OTHERS

The Company entered into a deed of non-competition in favour of the Company dated 21 December 2011 (the "Deed of Non-competition") with each of Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly, Ms. Chang Men Yee Carol, Ms. Ting Yee Mei and Excel Deal Holdings Limited (the "Covenantors"). Confirmation on compliance with the terms of the Deed of Non-competition for the period from the Listing Date to 21 July 2015 was received from each of the Covenantors.

The Covenantors ceased to own or hold 30% or more of the entire issued shares of the Company after trading hours on 21 July 2015 when the completion of the Acquisition took place. According to the terms and conditions of the Deed of Non-competition, the Deed of Non-competition ceased to have effect in respect of each of the Covenantors on 21 July 2015.

The independent non-executive Directors reviewed and confirmed that the Covenantors complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms for the period from the Listing Date of 21 July 2015. There had been no new business opportunities which are required to be referred to independent non-executive Directors under the Deed of Non-competition executed by each of the Covenantors up to 21 July 2015.

The Directors are pleased to present their report and the audited consolidated financial statements (the "Financial Statements") of the Company and of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries of the Company are set out in note 1 to the Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Group at that date are set out in the Financial Statements on pages 52 to 119 of this Report.

DIVIDENDS

During the year under review, the Group declared and paid dividends in aggregate amounts of approximately HK$1.26 million for the six months ended 30 June 2015 to the shareholders of the Company on 4 September 2015.

The Board has resolved to recommend the payment of a final dividend of HK0.96 cents per ordinary share in cash for the year ended 31 December 2015 (2014: HK1.5 cents) on or about 19 May 2016 (Thursday), subject to approval of the shareholders of the Company at the forthcoming annual general meeting, to the shareholders registered on 13 May 2016.

CLOSURES OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting, the Register of Members will be closed from 29 April 2016 (Friday) to 4 May 2016 (Wednesday), both days inclusive, during which period no transfers of Shares shall be registered. In order to be eligible for attending the forthcoming annual general meeting of the Company, all transfers of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 28 April 2016 (Thursday).

For determining the entitlement to the final dividend, the register of members of the Company will be closed from 10 May 2016 (Tuesday) to 13 May 2016 (Friday) (both days inclusive) during which period no transfers of Shares would be registered. In order to qualify for the final dividend, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 9 May 2016 (Monday).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 120 and 121 of this Report.

BUSINESS REVIEW

Details of the Company's business review are set out in the section headed "Management Discussion and Analysis" of this Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the Financial Statements.

BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at the balance sheet date are set out in note 24 to the Financial Statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 27 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year under review.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 to the Financial Statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$69,605,000 (2014: HK$37,222,000).

MAJOR CLIENTS AND SUPPLIERS

Sales to the Group's five largest clients accounted for approximately 55% of the total sales for the year and sales to the single largest client amounted to approximately 22% of the total sales for the year. The Group's purchases from our five largest suppliers together accounted for approximately 96% of our total purchase for the year. The Group purchases approximately 73% from our single largest supplier for the year.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors) owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest clients and suppliers.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 21 December 2011 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity").

Participants under the Share Option Scheme include any employee, director, supplier and customer of any member of the Group or Invested Entity, as well as any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity.

Details of the principal terms of the Share Option Scheme are set out in section headed "Statutory and General Information" of the Prospectus. The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 21 December 2011 and will remain in force until 20 December 2021. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be lower than the higher of:–

(1) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(2) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant; and

(3) the nominal value of the Shares.

Upon acceptance of the options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made. The exercise period of any option granted under the Share Option Scheme shall not be longer than ten years commencing on the date of grant and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Share Option Scheme.

Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 28,000,000 Shares, being 10% of the total number of Shares in issue as at the date of listing of the Shares unless the Company obtains the approval of the shareholders of the Company in general meeting for refreshing the 10% limit (the "Scheme Mandate Limit") under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed at any time subject to prior shareholders' approval but in any event, the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the shareholders of the Company on the refreshment of the Scheme Mandate Limit.

As at the date of this Report, no share options have been granted under the Share Option Scheme and the outstanding number of options available for issue under the Share Option Scheme is 28,000,000, representing 10% of the issued share capital of the Company.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by the shareholders of the Company in accordance with the GEM Listing Rules.

No options have been granted under the Share Option Scheme since its adoption.

EQUITY-LINKS AGREEMENTS

Other than the Share Option Scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered by the Company during the year or subsisted at the end of the year.

DIRECTORS

The Directors during the year under review and up to the date of this Report are:–

EXECUTIVE DIRECTORS

Mr. Tang Yiu Sing *(Chief Executive Officer) (appointed on 29 July 2015)*
Mr. Yeung Ka Wing *(appointed on 29 July 2015)*
Mr. Tsui Kit Yuan *(appointed on 29 July 2015 and resigned on 30 November 2015)*
Mr. Ling Chiu Yum *(resigned on 19 August 2015)*
Mr. Wong Wai Hon Telly *(resigned on 19 August 2015)*
Ms. Chang Men Yee Carol *(resigned on 19 August 2015)*
Mr. Suen Fuk Hoi *(resigned on 19 August 2015)*
Mr. Phung Nhuong Giang *(resigned on 01 April 2015)*

NON-EXECUTIVE DIRECTOR

Mr. Tang Shing Bor *(appointed on 29 July 2015)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wong Sik Kei
Mr. Ngan Chi Keung
Mr. Yung Kai Tai

Owing to the change in control of the Company, Messrs. Ling Chiu Yum, Wong Wai Hon Telly and Suen Fuk Hoi and Ms. Chang Men Yee Carol resigned as Directors with effect from 19 August 2015. Each of them had confirmed that he or she has no disagreement with Board and there are no matters in respect of his or her resignation that need to be brought to the attention of the shareholders of the Company.

Mr. Tsui Kit Yuan resigned as Director with effect from 30 November 2015 based on personal reason. Mr. Tsui confirmed that he has no claims whatsoever against the Company for fees, compensation for loss of office, remuneration, severance payments, pension, expenses or otherwise and there is no disagreement with the Board and there are no matters relating to his retirement that need to be brought to the attention of the shareholders of the Company.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence in accordance with Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

To comply with Article 83(3) of the Articles of Association, Mr. Tang Shing Bor, Mr. Tang Yiu Shing and Mr. Yeung Ka Wing shall hold office until, and retire at the AGM, and being eligible, offer themselves for re-election at the AGM.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. And, according to the Corporate Governance Code under Appendix 15 to the GEM listing Rules, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with Article 84(2), any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining, which particular Directors or the number of Directors who are to retire by rotation.

To comply with the above, Mr. Ngan Chi Keung shall retire from office at the 2016 annual general meeting of the Company and, being eligible, offer himself for re-election.

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

The particulars of Directors of the Company and senior management of the Group are disclosed in the section headed "Particulars of Directors and Senior Management" on pages 19 to 21 of this Report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and the non-executive Director has entered into a service contract with the Company for a terms of three years commencing on 29 July 2015.

Each of the independent non-executive Directors has entered into a service contract or a appointment letter with the Company for an initial term of three years commencing on 21 December 2014 respectively.

The appointments of all Directors are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract or an appointment letter with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the Share Option Scheme, at no time during the year ended 31 December 2015 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 32 to the Financial Statements, none of the Directors had material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party during the year under review.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Memorandum and Articles of Association and subject to the provisions of the statutes, the Directors and other officers of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty. The Company has maintained the relevant liability insurance for the Directors and official of the Company during the year.

NON-COMPETE UNDERTAKING

Each of Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly, Ms. Chang Men Yee Carol, Ms. Ting Yee Mei and Excel Deal Holdings Limited, as covenantors (the "Covenantors" and each a "Covenantor") entered into a deed of non-competition in favour of the Company dated 21 December 2011 (the "Deed of Non-competition"), pursuant to which each of the Covenantors has undertaken to the Company (for itself and for the benefit of its subsidiaries) that during the continuation of the Deed of Non-competition, each of the Covenantors shall not, and shall procure each of his/her/its associates and/or companies controlled by he/she/it, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, which carries on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group in Hong Kong.

Details of the Deed of Non-competition have been set out in the section headed "Controlling Shareholders, Substantial Shareholders and Significant Shareholders" of the Prospectus.

The Deed of Non-competition has become effective from the Listing Date.

The Covenantors ceased to own or hold 30% or more of the entire issued shares of the Company after trading hours on 21 July 2015 when the completion of the Acquisition took place. According to the terms and conditions of the Deed of Non-competition, the Deed of Non-competition ceased to have effect in respect of each of the Covenantors on 21 July 2015.

The Company has received the confirmation from the Covenantors in respect of their compliance with the terms of the Deed of Non-competition for the period from the Listing Date up to 21 July 2015.

The independent non-executive Directors reviewed and confirmed that the Covenantors complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms throughout the period from the Listing Date to 21 July 2015.

There had been no new business opportunities which are required to be referred to independent non-executive Directors under the Deeds of Non-competition executed by each of the Covenantors up to the 21 July 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The following Director and his close associate are considered to have interests in the following business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Tang Yiu Sing ("Mr. Tang") is an executive Director and Mr. Tang Shing Bor is a non-executive Director. Mr. Tang is a director and the ultimate beneficial owner of Stan Group (Holdings) Limited ("Stan Group") which is engaged in, among others, the operation of a comprehensive business platform in Hong Kong, including but not limited to co-working space business, and Mr. Tang Shing Bor is the father of Mr. Tang. In this regard, Mr. Tang is considered to have interests in businesses which compete, or is likely to compete, either directly or indirectly, with the businesses of the Group.

Given the delineation in target customer, image, pricing segment and running model of the co-working space business of Stan Group and the Group's Elite Business Centre, and in particular, the Group's Elite Business Centre is located in a grade-A office building targeting multinational corporations and government authorities while the co-working space business of Stan Group is located in a revitalised industrial buildingtargeting entrepreneurs and business start-ups, the Board considers that the potential competition is minimum and the interest of the Group is adequately protected. The co-working space business of Stan Group and the Group's Elite Business Centre is operated and managed by two distinct management teams except for Mr. Tang who as aforementioned is an executive Director and a director of Stan Group.

In order to further safeguard the interests of the Group, all Directors of the Company other than Mr Tang and Mr. Tang Shing Bor, being Directors not interested in the potential competing business of Stan Group, will review on a regular basis the businesses and operations of the Group to ensure that its business are run on the basis that they are independent of, and at arm's length from, Stan Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to standard of dealings by Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:–

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Directors/ Chief Executives	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Percentage of the issued share capital of the Company as at the date of this Report
Mr. Tang Shing Bor	Interest in a controlled corporation	Corporate interest	210,000,000 *(Note)*	75%

Note:–

These interests were held by Million Top Enterprises Limited which, was wholly and beneficially owned by Mr. Tang Shing Bor. Mr. Tang Shing Bor is therefore deemed to be interested in such shares by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 December 2015, none of the Directors and/or Chief Executive had any other interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the required standard of dealings by the Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 December 2015, the following persons (not being a Director or Chief Executive) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:–

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of substantial shareholders	Capacity	Number of Shares/underlying Shares held	Approximate percentage of the issued share capital of the Company as at the date of this Report
Million Top Enterprises Limited *(Note)*	Beneficial owner	210,000,000	75%

Note:-

Million Top Enterprises Limited was wholly and beneficially owned by Mr. Tang Shing Bor, a non-executive Director.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other persons (other than Directors or Chief Executive) who had interests and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 22 to 33 of this Report.

EMOLUMENT POLICY

The Company has established a remuneration committee to make recommendations to the Board with regard to the Group's remuneration policy relating to Directors and senior management of the Company, reviewing and evaluating their performance and recommending remuneration package for each of them as well as other employee benefit arrangements. The emoluments of the Directors are decided with reference to their duties and level of responsibilities and the remuneration policy of the Company and the prevailing market conditions. The Company has adopted the Share Option Scheme as an incentive to Directors and eligible participants, details of such scheme is set out in note 28 to the Financial Statements and paragraph headed "Share Option Scheme" in this Report.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2015 are set out in note 32 to the Financial Statements. Those related party transactions constitute continuing connected transactions both exempted and non-exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The Group entered into the following continuing connected transactions (which are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements) during the financial year and up to the date of approval of this Report:-

(1) SOFTWARE OEM DISTRIBUTORSHIP AGREEMENT

On 2 January 2014, Epro Logic Limited ("ELL"), a member of the Group, entered into a Software OEM Distributorship Agreement (the "OEM Agreement") with Epro Techsoft Limited ("ETL"), a connected person (as defined under the the GEM Listing Rules) of the Company as Mr Ling Chiu Yum and Mr Wong Wai Hon Telly and, who were the executive Directors up to 18 August 2015, are interested in 46% and 47% of ETL respectively.

Pursuant to the OEM Agreement, ETL was appointed by ELL as OEM distributor to sell and distribute the perpetual licence to use the WISE-xb System to the end users in Hong Kong, the PRC and Macau for a term for the period from 2 January 2014 to 31 December 2015 unless prior written notification of termination is delivered by one of the parties in accordance with the terms of the OEM Agreement. ETL provides professional sales and marketing support and customization services of the WISE-xb System to customers based on the customers' needs and request. The end users who pay licence fees to ETL are granted the licence to use the WISE-xb System, but the ownership of the WISE-xb System remains with the Group. According to the OEM Agreement, the licence fee payable by ETL to ELL are 50% of the amount of the sales of the licences to use the WISE-xb System.

The Directors considered that the distribution business of ETL does not compete with that of the Group as ETL can provide customization services of the WISE-xb System to customers based on the customers' needs and request, whereas the provision of such customization services are not the Group's focus and the Group will not provide customization services to customers when selling such licences. The Directors considered that the provision of customization services by ETL will assist the Group to sell the licence to customers who require further customization to the WISE-xb System to suit their specific needs, and therefore broaden the customer base to use our WISE-xb System.

ETL and ELL also entered into a System Maintenance Service Outsourcing Agreement ("Outsourcing Agreement") on 31 December 2012 (details of which are listed in sub-section (2) – System Maintenance Service Outsourcing Agreement below). For details, please refer to the announcements made by the Company on 31 December 2012 for the Outsourcing Agreement and 2 January 2014 for the OEM Agreement respectively.

(2) SYSTEM MAINTENANCE SERVICE OUTSOURCING AGREEMENT

On 31 December 2012, ELL, a member of the Group, entered into a System Maintenance Service Outsourcing Agreement (the "Service Agreement") with ETL, a connected person (within the meaning of Chapter 20 of the GEM Listing Rules) of the Company as Mr. Wong Wai Hon Telly and Mr. Ling Chiu Yum, who are the executive Directors up to 18 August 2015, are indirectly interested in 47% and 46% of ETL respectively. Pursuant to which, ETL appointed ELL to provide the professional system development and maintenance support services for the WISE-xb System and/or related system services (the "Services") to ETL and its customers from time to time and ETL will pay ELL the service fee (the "Service Fee").

In consideration of and subject to the provision of the Services provided by ELL with the Service Agreement, ETL shall pay ELL the Service Fee at a rate not less than 95% and not more than 100% of the corresponding contract sum agreed between ETL and the customers from time to time. ETL shall place order to ELL requesting the provision of the Services for each individual customer, and ELL shall then invoice ETL based on the agreed amount within 7 working days. ETL shall settle the payment to ELL within 30 calendar days upon receiving the invoice from ELL. The Service Fee shall be the maximum amounts payable by ETL customers for the Services inclusive of all relevant taxes (if applicable) and out-of-pocket expenses incurred by ELL (including its agents, employees and subcontractors) unless otherwise agreed by ETL in advance in writing.

The term of the Service Agreement commenced on 1 January 2013 and, unless terminated subject to the terms and conditions as set forth in the Service Agreement, shall remain in full force and effect for a term of two years, and will be automatically renewed for successive one year term unless prior written notification of termination or non-renewal is delivered by one of the parties by giving not less than three months' prior notice in writing to the other party for the first two years from 1 January 2013 and not less than two months' prior notice in writing to the other party for the third year from 1 January 2013, if applicable.

ELL has appointed ETL to sell and distribute the perpetual licence to use the WISE-xb System to the end users since 2003 (please refer to the sub-section (1) Software OEM Distributorship Agreement under the heading of "Continuing Connected Transactions" in this Report on page 56 for further details). With the provision of customization services of the WISE-xb System to customers through ETL, the Group obtained proven records of broadened customer base and increased revenue. In view of the increasing demand from end users on maintenance of system and software but lack of technical know-how and experienced man power in ETL to provide such maintenance services, the Board considers that the engagement of ELL by ETL to provide the Services is in the interests of the Group as a whole.

Please also refer to the announcement made by the Company on 31 December 2012 relating to this transaction for further details.

(3) LEASE AGREEMENTS

(a) Renewed Camelpaint Building Lease

On 2 November 2015, Epro Telecom Services Limited ("ETS"), a member of the Group, entered into a lease (the "Renewed Camelpaint Building Lease") with Always Beyond Limited ("Always Beyond") regarding the renewal of the lease of property situated at Factory on the 1/F including Flat Roof thereof of Block 1 of Camelpaint Building Block I & II, No. 62 Hoi Yuen Road, Kowloon, Hong Kong ("Camelpaint Building Property").

It was noted that on 2 November 2013, the Group and Always Beyond entered into the lease for leasing to the Group the Camelpaint Building Property for a fixed term of 2 years, which commenced from 2 November 2013 and expired on 1 November 2015. As Always Beyond is controlled by the family members of Mr. Tang Shing Bor, the ultimate controlling shareholder of the Company since 21 July 2015 and thereafter the non-executive Director, Mr. Tang Shing Bor and Always Beyond became connected persons of the Company since then and the transactions contemplated under the Renewed Camelpaint Building Lease constituted continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to the Renewed Camelpaint Building Lease, ETS as the lessee continued to lease the Camelpaint Building Property for an initial fixed term of one year commencing from 2 November 2015 and expiring on 1 November 2016 (both days inclusive) at a monthly rent of HK$232,500 (exclusive of rates, government rent and management fees).

(b) China Paint Building Lease

On 21 December 2015, ETS as the lessee entered into a lease ("China Paint Building Lease") with Stan Group, regarding the lease of 3/F, part of 4/F and 6/F, China Paint Building, 1163 Canton Road, Kowloon, Hong Kong ("China Paint Building Property").

As Stan Group is wholly-owned and beneficially owned by Mr. Tang Yiu Sing, the executive Director since 29 July 2015, the transactions contemplated under the China Paint Building Lease constituted continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to the China Paint Building Lease, ETS leased the China Paint Building Property for the period commencing from 1 January 2016 and expiring on 31 July 2016 (both days inclusive) at a monthly rent of HK$177,632 (exclusive of rates, government rent and management fees); and 3/F, 4/F and part of 6/F, China Paint Building, 1163 Canton Road, Kowloon, Hong Kong for the period commencing from 1 August 2016 and expiring on 31 December 2018 (both day inclusive) at a monthly rent of HK$229,632 (exclusive of rates, government rent and management fees).

Given the similar nature of the transactions under, and the contracting parties to, the Renewed Camelpaint Building Lease and the China Paint Building Lease (collectively, the "Lease Agreements"), the respective annual cap for the Lease Agreements for each of the years ending 31 December 2016 and 2017 were aggregated with each other, which is HK$4,951,952 and HK$4,850,952 respectively.

ETS has occupied and used the Camelpaint Building Property for the operation of a business centre since 2007. In consideration of (i) the Camelpaint Building Property is fully equipped and well furnished for operating business centre business; (ii) additional costs and time involved if the Group moves the business centre to other premises in nearby vicinity, the Directors (including the independent non-executive Directors) considered the entering into of the Renewed Camelpaint Building Lease is in the interests of the Company and its Shareholders as a whole.

The purpose of entering into the China Paint Building Lease is to open a new business centre in Mong Kok, Hong Kong and to relocate the main office of the Group. As the China Paint Building Property would provide premises for the business need of the Group and the terms thereof were determined after arm's length negotiations, the Directors (including the independent non-executive Directors) considered that the entering into the China Paint Building Lease is in the interests of the Company and its Shareholders as a whole.

The terms of the Lease Agreement: (including the monthly rent) were determined after arm's length negotiations between the Group and the respective lessors with reference to the prevailing market rent for the comparable property in the vicinity. The Directors (including the independent non-executive Directors) consider that (i) each of the Lease Agreements was entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of each of the Lease Agreements and the aggregate annual cap are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Please also refer to the announcement made by the Company on 21 December 2015 regarding to these transactions for further details.

Save as disclosed above, the Group has not entered into other transaction with connected persons of the Company (as defined under the GEM Listing Rules) which are required to be disclosed in this report.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors reviewed the above continuing connected transactions contemplated under the Software OEM Distributorship Agreement, the System Maintenance Service Outsourcing Agreement and the Lease Agreements (the "Continuing Connected Transactions") and confirmed that the Continuing Connected Transactions were entered into in the ordinary and usual course of business of the Group, and on normal commercial terms, and the terms of the Continuing Connected Transactions are fair and reasonable and in the interest of the Company and the shareholders as a whole.

The amounts of the Continuing Connected Transactions did not exceed the corresponding annual caps for the financial year ended 31 December 2015 as announced by the Group.

CONFIRMATION OF AUDITORS OF THE COMPANY

HLB Hodgson Impey Cheng Limited ("HIC"), the Company's auditors, have issued their letter containing their findings and conclusions in respect of the Continuing Connected Transactions in accordance with the GEM Listing Rules. A copy of the auditors' letter has been provided to the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the latest practicable date prior to the issue of this Report as required under the GEM Listing Rules.

AUDITORS

The accounts for the year ended 31 December 2015 were audited by HIC whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of HIC as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting. The accounts for the year ended 31 December 2011 were audited by HLB Hodgson Impey Cheng. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HIC. The accounts for the years ended 31 December 2012 and 2013 were audited by HIC. Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years.

On Behalf of the Board

Tang Yiu Sing
Chief Executive Officer and Executive Director

Hong Kong, 17 March 2016

The English transliteration of the Chinese names in this Report, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

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

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

TO THE SHAREHOLDERS OF
ETS GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of ETS Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 50 to 119, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015, and of the Group's 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.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Kin Leung
Practising Certificate Number: P05769

Hong Kong, 17 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	5	**143,612**	176,044
Other income	6	**762**	971
Other losses – net	7	**(2,065)**	(150)
Employee benefits expenses	8	**(80,986)**	(101,169)
Depreciation and amortization		**(8,270)**	(9,589)
Other operating expenses		**(41,132)**	(49,681)
Operating profit		**11,921**	16,426
Finance costs	9	**(582)**	(659)
Profit before tax	10	**11,339**	15,767
Income tax expense	11	**(2,149)**	(1,384)
Profit for the year		**9,190**	14,383
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences on translating foreign operations		**–**	(48)
Total comprehensive income for the year		**9,190**	14,335
Profit attributable to owners of the Company		**9,190**	14,335
Total comprehensive income attributable to owners of the Company		**9,190**	14,335
Earnings per share attributable to owners of the Company – Basic and diluted (HK cents)	12	**3.3**	5.1

The accompanying notes form an integral part of these consolidated financial statements. Details of dividends paid and proposed for the year are disclosed in Note 13 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**4,961**	7,628
Intangible assets	16	**7,889**	9,706
Investment in an associate	17	**–**	–
Deferred income tax assets	26	**1,011**	874
		13,861	18,208
Current assets			
Trade and other receivables	18	**58,460**	65,617
Financial assets designated as at fair value through profit or loss	19	**6,648**	7,626
Amount due from an associate	17	**9,318**	4,959
Amounts due from related companies	20	**319**	2,299
Pledged bank deposits	21	**4,787**	4,777
Current income tax recoverable		**–**	743
Cash and cash equivalents	22	**31,936**	17,121
		111,468	103,142
Current liabilities			
Trade and other payables	23	**14,618**	12,114
Borrowings	24	**1,711**	3,930
Current income tax liabilities		**148**	–
		16,477	16,044
Net current assets		**94,991**	87,098
Total assets less current liabilities		**108,852**	105,306
Non-current liabilities			
Deferred income tax liabilities	26	**333**	517
Net assets		**108,519**	104,789
Equity attributable to the owners of the Company			
Share capital	27	**2,800**	2,800
Share premium	27	**25,238**	25,238
Reserves	29	**80,481**	76,751
Total equity		**108,519**	104,789

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 17 March 2016 and signed on its behalf by:

Tang Yiu Sing
Director

Yeung Ka Wing
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company					
	Share capital HK$'000 *(Note 27)*	**Share premium** HK$'000 *(Note 27)*	**Merger reserve** HK$'000 *(Note 29)*	**Translation** HK$'000	**Retained profits** HK$'000	**Total equity** HK$'000
Balance as at 1 January 2014	2,800	25,238	25,624	48	42,904	96,614
Profit for the year	–	–	–	–	14,383	14,383
Other comprehensive income						
Currency translation differences	–	–	–	68	–	68
Disposal of subsidiaries	–	–	–	(116)	–	(116)
Total comprehensive income for the year	–	–	–	(48)	14,383	14,335
Dividends paid *(Note 13)*	–	–	–	–	(6,160)	(6,160)
Balance as at 31 December 2014 and 1 January 2015	2,800	25,238	*25,624	*–	*51,127	104,789
Profit for the year	–	–	–	–	9,190	9,190
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	9,190	9,190
Dividends paid *(Note 13)*	–	–	–	–	(5,460)	(5,460)
Balance as at 31 December 2015	**2,800**	**25,238**	***25,624**	***–**	***54,857**	**108,519**

* These reserve accounts comprise the consolidated reserves of approximately HK$80,481,000 (2014: HK$76,751,000) in the consolidated statement of financial position.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Profit before tax		11,339	15,767
Adjustments for:			
Interest income		(762)	(886)
Interest expense		582	659
Depreciation and amortization		8,270	9,589
Gain on disposal of subsidiaries	31	–	(791)
Loss on disposal of property, plant and equipment		16	–
Fair value loss on financial assets designated as at fair value through profit or loss		978	455
Operating cash flows before changes in working capital		20,423	24,793
Trade and other receivables		3,157	(3,492)
Amount due from an associate		(4,359)	(3,838)
Amounts due from related companies		1,980	(3,976)
Financial assets designated as at fair value through profit or loss		–	(3,279)
Amounts due to related companies		–	(335)
Trade and other payables		2,504	(278)
Cash generated from operations		23,705	9,595
Income tax paid		(1,579)	(5,727)
Net cash generated from operating activities		22,126	3,868
Cash flows from investing activities			
Disposal of subsidiaries, net of cash proceeds	31	–	(2,344)
Proceeds from disposal of subsidiaries	31	4,000	–
Interest received		762	886
Increase in pledged bank deposits		(10)	(9)
Additions of intangible assets		(3,385)	(3,650)
Purchase of property, plant and equipment		(417)	(6,292)
Net cash generated from/(used in) investing activities		950	(11,409)

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from financing activities			
Dividends paid		(5,460)	(6,160)
Interest paid		(582)	(659)
Proceeds from bank borrowings		77,047	81,361
Repayment of bank borrowings		(79,266)	(84,491)
Net cash used in financing activities		(8,261)	(9,949)
Net increase/(decrease) in cash and cash equivalents		14,815	(17,490)
Effect of foreign exchange rate changes, net		–	72
Cash and cash equivalents at beginning of the year		17,121	34,539
Cash and cash equivalents at end of the year	22	31,936	17,121

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

1. GENERAL INFORMATION

ETS Group Limited is an investment holding company. ETS Group Limited and its subsidiaries (collectively referred as to the "Group") are principally engaged in providing comprehensive multi-media contact services and contact centre system in Hong Kong.

The Company was incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM") with effect from 9 January 2012.

As at 31 December 2015, the directors regard Million Top Enterprises Limited, a company incorporated in Hong Kong with limited liability, as the parent and ultimate holding company of the Company.

The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the Company's principal place of business in Hong Kong is 4th Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issued by the Board (the "Board") of Directors on 17 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendments from annual improvements to HKFRSs – 2010-2012 Cycle, on HKFRS 8, "Operating Segments", HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets" and HKAS 24, "Related Party Disclosures".

Amendments from annual improvements to HKFRSs – 2011-2013 Cycle, on HKFRS 3, "Business Combinations", HKFRS 13, "Fair Value Measurement" and HKAS 40, "Investment Property".

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

(b) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(c) New standards and interpretations not yet adopted (continued)

HKFRS 9, "Financial Instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

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

HKFRS 15, "Revenue from Contracts with Customers", deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(c) New standards and interpretations not yet adopted (continued)

Amendments to HKAS 1 "Disclosure Initiative", the amendments clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The key areas addressed by the changes are as follows: (a) Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. An entity need not provide disclosures if the information is not material; (b) Disaggregation and subtotals: the amendments clarify what additional subtotals are acceptable and how they should be presented; (c) Notes: an entity is not required to present the notes to the financial statements in a particular order, and management should tailor the structure of their notes to their circumstances and the needs of their users; (d) Accounting policies: how to identify a significant accounting policy that should be disclosed; (e) Other comprehensive income from equity accounted investments: other comprehensive income of associates and joint ventures should be separated into the share of items that will subsequently be reclassified to profit or loss and those that will not. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of HKAS 1.

Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization", the amendments clarify when a method of depreciation or amortization based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

The amendment to HKAS 38 establishes a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- where the intangible asset is expressed as a measure of revenue; or
- where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(c) New standards and interpretations not yet adopted (continued)

The standards are effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of HKAS 16 and HKAS 38.

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

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss and other comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions (that is, as transactions with the owners of the subsidiary in their capacity as owners). The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in an associate are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associate (continued)

The Group's share of post-acquisition profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated statement of profit or loss and other comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of an associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in an associate is recognized in the consolidated statement of profit or loss and other comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss and other comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other losses – net".

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (continued)

(c) Group companies (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

— Leasehold improvements	: Over the term of the lease or 5 years, whichever is shorter
— Furniture and fixtures	: 5 years
— Computer equipment	: 3 years
— Computer software	: 5 years
— Electronic and office equipment	: 5 years
— Motor vehicles	: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other losses – net" in the consolidated statement of profit or loss and other comprehensive income.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (continued)

(b) Internally generated software development costs

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sale;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed four years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

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

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "amount due from an associate", "amounts due from related companies", "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

2.9.1 Classification (continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date (the date on which the Group commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of profit or loss and other comprehensive income within "Other losses – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of profit or loss and other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of profit or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets (continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income on equity instruments are not reversed through the consolidated statement of profit or loss and other comprehensive income.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandize sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associate. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associate only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of goods and services provided, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Service fee income from provision of telecommunication and related services is recognized upon the rendering of the relevant services.

(b) Revenue from the sales of systems and software is recognized on the transfer of the significant risks and rewards of ownership of products, which generally coincides with the time when the products are delivered to customers and titles have passed.

(c) Licence fee income is recognized in accordance with the relevant agreements.

(d) System maintenance income is recognized upon the rendering of the relevant services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

2.24 Leases

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

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk mainly arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The management of the Group considers the foreign currency risk of the Group is not significant, and thus does not have any active policies to hedge against the foreign currency risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

Equity price risk is the risk that the fair values of investment decrease as a result of changes in the levels of equity indices and the value of individual investment. The Group is exposed to price risk arising from investments classified as financial assets designated as at fair value through profit or loss (Note 19).

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

	Carrying amount of investment HK$'000	**Increase/ (Decrease) in profit before tax HK$'000**	**Increase/ (Decrease) in equity HK$'000**
As at 31 December 2015			
Unlisted investment at fair value			
– Financial assets designated as at fair value through profit or loss			
5% increase in fair value	**332**	**332**	**332**
5% decrease in fair value	**(332)**	**(332)**	**(332)**

	Carrying amount of investment HK$'000	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity HK$'000
As at 31 December 2014			
Unlisted investment at fair value			
– Financial assets designated as at fair value through profit or loss			
5% increase in fair value	381	381	381
5% decrease in fair value	(381)	(381)	(381)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong dollar prime rate arising from the Group's Hong Kong dollar denominated bank borrowings.

The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before taxation would have been decreased/increased by approximately HK$17,000 (2014: HK$39,000). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year end had been applied to the exposure to interest rate risk for bank borrowings in existence at the end of the reporting period. The 100 basis points decreased/increased represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables, financial assets designated as at fair value through profit or loss, amount due from an associate, amounts due from related companies, pledged bank deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2015, the Group has certain concentrations of credit risk as 24% and 58% (2014: 22% and 54%) of the Group's trade receivables were due from the Group's largest customer and the Group's five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Note 18.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total HK$'000
As at 31 December 2015			
Trade and other payables excluding non-financial liabilities	**12,464**	**–**	**12,464**
Borrowings			
– Term loan subject to a repayable on demand clause	**1,730**	**–**	**1,730**
	14,194	**–**	**14,194**

	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total HK$'000
As at 31 December 2014			
Trade and other payables excluding non-financial liabilities	10,463	–	10,463
Borrowings			
– Term loan subject to a repayable on demand clause	4,016	–	4,016
	14,479	–	14,479

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The following table summarizes the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments as set out in the loan agreements. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total HK$'000
As at 31 December 2015			
Borrowings – Term loan subject to a repayable on demand clause	**1,730**	**–**	**1,730**
As at 31 December 2014			
Borrowings – Term loan subject to a repayable on demand clause	3,000	1,016	4,016

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt comprises total debt (including trade and other payables and borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

The gearing ratios of the Group are as follows:

	2015 HK$'000	2014 HK$'000
Total debt	**16,329**	16,044
Less: cash and cash equivalents *(Note 22)*	**(31,936)**	(17,121)
Net debt	**–**	–
Total equity	**108,519**	104,789
Total capital	**108,519**	104,789
Gearing ratio	**N/A**	N/A

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 31 December 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets designated as at fair value through profit or loss				
– Unlisted investment designated as at fair value through profit or loss	–	6,648	–	6,648

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets designated as at fair value through profit or loss				
– Unlisted investment designated as at fair value through profit or loss	–	7,626	–	7,626

There were no significant transfers of financial assets between Level 1 and Level 2 fair value hierarchy classifications and no transfers into or out of Level 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3.4 Financial instruments by category

	2015 HK$'000	2014 HK$'000
Assets as per statement of financial position		
Financial assets designated as at fair value through profit or loss	**6,648**	7,626
Loans and receivables:		
– Trade and other receivables excluding prepayments	**52,033**	65,092
– Amount due from an associate	**9,318**	4,959
– Amounts due from related companies	**319**	2,299
– Pledged bank deposits	**4,787**	4,777
– Cash and cash equivalents	**31,936**	17,121
	105,041	101,874

	2015 HK$'000	2014 HK$'000
Liabilities as per statement of financial position		
At amortized costs:		
– Trade and other payables excluding non-financial liabilities	**12,464**	10,463
– Borrowings	**1,711**	3,930
	14,175	14,393

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

The Group is subject to income tax in Hong Kong. Significant judgment is required in determining the amount of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on ongoing assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgments and estimates. Management reassesses the provision for impairment of trade and other receivables at the end of the reporting period.

Impairment of capitalized software development costs

Determining whether capitalized software development costs are impaired requires an estimation of the recoverable amount determined by the value in use of the capitalized software development costs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the capitalized software development costs and a suitable discount rate in order to calculate the present value. The Group carries out an impairment review assessment on the capitalized software development costs at the end of the reporting period and no impairment charge is made for the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Useful life and residual value of property, plant and equipment

The management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions and may vary significantly as a result of technical innovation and keen competition from competitors, resulting in higher depreciation charge and/or write-off or write-down of technically obsolete assets when residual value or useful lives are less than previously estimated.

5. SEGMENT INFORMATION AND REVENUE

The directors of the Company review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources, and operating segment is identified with reference to these.

The reportable operating segments derive their revenue primarily from the following business units in Hong Kong:

(a) Outsourcing inbound contact service;

(b) Outsourcing outbound contact service;

(c) Staff insourcing service;

(d) Contact service centre facilities management service; and

(e) The "Others" segment which principally comprises licencing, sales of system and software and system maintenance.

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

The segment information provided to the board of directors for the reportable segments for the years ended 31 December 2014 and 2015 are as follows:

For the year ended 31 December 2015

	Outsourcing inbound contact service HK$'000	Outsourcing outbound contact service HK$'000	Staff insourcing service HK$'000	Contact service centre facilities management service HK$'000	Others HK$'000	Total HK$'000
Segment revenue						
Hong Kong	13,440	64,969	32,279	24,054	8,870	143,612
Segment results						
Hong Kong	2,340	5,957	3,786	7,354	5,097	24,534
Depreciation and amortization	491	3,297	–	3,226	1,028	8,042
Total segment assets						
Hong Kong	8,531	26,424	8,398	12,390	7,589	63,332
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	264	1,775	–	1,737	–	3,776
Total segment liabilities	189	3,602	2,743	903	–	7,437

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

For the year ended 31 December 2014

	Outsourcing inbound contact service HK$'000	Outsourcing outbound contact service HK$'000	Staff insourcing service HK$'000	Contact service centre facilities management service HK$'000	Others HK$'000	Total HK$'000
Segment revenue						
Hong Kong	13,448	56,965	29,051	29,686	7,305	136,455
PRC	18,418	16,388	4,027	61	695	39,589
	31,866	73,353	33,078	29,747	8,000	176,044
Segment results						
Hong Kong	2,094	8,003	5,510	8,746	5,140	29,493
PRC	2,205	1,009	711	9	160	4,094
	4,299	9,012	6,221	8,755	5,300	33,587
Depreciation and amortization	993	2,789	–	3,926	1,099	8,807
Total segment assets						
Hong Kong	6,303	22,789	7,131	15,447	7,570	59,240
	6,303	22,789	7,131	15,447	7,570	59,240
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	261	1,523	–	2,480	1,271	5,535
Total segment liabilities						
Hong Kong	77	2,838	1,524	291	500	5,230
	77	2,838	1,524	291	500	5,230

There were no inter-segment sales during the year ended 31 December 2015. The revenue from external parties reported to the Company's directors is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

A reconciliation of segment results to profit before tax is as follows:

	2015 HK$'000	2014 HK$'000
Segment results for reportable segments	24,534	33,587
Unallocated:		
Other income	762	971
Other losses – net	(2,065)	(150)
Depreciation and amortization	(228)	(782)
Finance costs	(582)	(659)
Corporate and other unallocated expenses	(11,082)	(17,200)
Profit before tax	11,339	15,767

The amounts provided to the Company's directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	2015 HK$'000	2014 HK$'000
Segment assets for reportable segments	63,332	59,240
Unallocated:		
Property, plant and equipment	549	749
Financial assets designated as at fair value through profit or loss	6,648	7,626
Current income tax recoverable	–	743
Deferred income tax assets	1,011	874
Corporate and other unallocated assets	53,789	52,118
Total assets per consolidated statement of financial position	125,329	121,350

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

The amounts provided to the Company's directors with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2015 HK$'000	2014 HK$'000
Segment liabilities for reportable segments	7,437	5,230
Unallocated:		
Deferred income tax liabilities	333	517
Current income tax liabilities	148	–
Borrowings	1,711	3,930
Corporate and other unallocated liabilities	7,181	6,884
Total liabilities per consolidated statement of financial position	16,810	16,561

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category

	2015 HK$'000	2014 HK$'000
Service fee income from provision of telecommunication and related services	134,742	168,044
Sales of system and software	7,537	6,446
System maintenance income	1,333	1,554
	143,612	176,044

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. The result of its revenue from external customers in Hong Kong is HK$141,366,000 (2014: HK$136,455,000), and the total of revenue from external customers from other countries is HK$2,246,000 (2014: HK$39,589,000). The breakdown of the major component of the total of revenue from external customers from other countries is disclosed above.

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Hong Kong is HK$12,850,000 (2014: HK$17,334,000), and none of these non-current assets is located in other countries (2014: Nil).

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Information about major customers

Revenue from major customers, each of whom contributed to 10% or more of the Group's total revenues, is set out below:

	2015 HK$'000	2014 HK$'000
Customer A	**32,944**	28,395
Customer B	**20,097**	20,701
Customer C	**14,685**	N/A[1]
Customer D	**N/A[1]**	25,013
	67,726	74,109

[1] The corresponding revenue did not contribute to 10% or more of the total revenues of the Group for the year ended 31 December 2014 and 2015.

6. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income from bank deposits	**762**	886
Sundry income	**–**	85
	762	971

7. OTHER LOSSES – NET

	2015 HK$'000	2014 HK$'000
Financial assets designated as at fair value through profit or loss *(Note 19)*		
– Fair value loss	**(978)**	(455)
Net foreign exchange losses	**(1,071)**	(486)
Gain on disposal of subsidiaries *(Note 31)*	**–**	791
Loss on disposal of property, plant and equipment *(Note 15)*	**(16)**	–
	(2,065)	(150)

8. EMPLOYEE BENEFITS EXPENSES

	2015 HK$'000	2014 HK$'000
Salaries and allowances	80,851	99,376
Pension costs – defined contribution plans	3,520	5,443
Total employee benefits expenses, including directors' remuneration	84,371	104,819
Less: Amounts capitalized in deferred development costs	(3,385)	(3,650)
	80,986	101,169

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2015 include three directors (2014: five directors) whose emoluments are reflected in the analysis show in Note 34. The emoluments payable to the remaining two individuals (2014: Nil) for the year ended 31 December 2015 is as follows.

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	1,281	–
Pension costs – defined contribution plans	65	–
	1,346	–

The emoluments of each of the above non-director, highest paid individuals were below HK$1,000,000.

No emoluments were paid by the Group to any of the Company's directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil). None of the Company's directors waived any emoluments during the year ended 31 December 2015 (2014: Nil).

9. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on bank borrowings and bank overdrafts	**582**	659

10. PROFIT BEFORE TAX

	2015 HK$'000	2014 HK$'000
Profit before tax is stated after charging:		
Depreciation and amortization		
Depreciation of owned property, plant and equipment	**3,068**	4,653
Amortization of intangible assets	**5,202**	4,936
Total depreciation and amortization	**8,270**	9,589
Auditors' remuneration	**850**	926
Operating lease payments in respect of rented premises	**9,005**	10,828
Research and development costs	**5,202**	4,936

11. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2015 HK$'000	2014 HK$'000
Current tax:		
Current tax on profits for the year	**2,470**	2,562
Adjustments in respect of prior years	**–**	538
Total current tax	**2,470**	3,100
Deferred income tax *(Note 26)*	**(321)**	(1,716)
Income tax expense	**2,149**	1,384

11. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015 HK$'000	2014 HK$'000
Profit before tax	**11,339**	15,767
Tax calculated at domestic tax rates applicable to profits in the respective countries	**1,871**	2,695
Tax effects of:		
– Income not subject to tax	**(244)**	(362)
– Expenses not deductible for tax purposes	**245**	359
– Temporary differences not recognized	**300**	(1,391)
– Adjustments in respect of prior years	**–**	538
– Tax losses for which no deferred income tax asset was recognized	**196**	65
– Utilization of previously unrecognized tax losses	**(219)**	(696)
– Others	**–**	176
Tax charge	**2,149**	1,384

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on (i) the profit attributable to owners of the Company for the year; and (ii) the weighted average number of 280,000,000 ordinary shares issued during the year (2014: 280,000,000 ordinary shares).

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 December 2014 and 2015.

13. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Interim dividend paid of HK0.45 cents (2014: HK0.7 cents) per ordinary share	**1,260**	1,960
Proposed final dividend of HK0.96 cents (2014: HK1.5 cents) per ordinary share	**2,688**	4,200
	3,948	6,160

The dividends paid in 2014 and 2015 were HK$6,160,000 (HK2.20 cents per ordinary share) and HK$5,460,000 (HK1.95 cents per ordinary share) respectively.

At a meeting held on 17 March 2016, the board of directors declared the payment of a final dividend of HK0.96 cents per ordinary share for the year ended 31 December 2015. The proposed final dividend for the year ended 31 December 2015 is to be approved by the shareholders at the forthcoming annual general meeting. This final dividend has not been recognized as a liability at the year ended 31 December 2015.

14. INVESTMENTS IN SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2015:

Name	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued share capital	Interest held 2015	Interest held 2014
Eastside Fortune Limited	British Virgin Islands, limited liability company	Investment holding	2 ordinary shares of US$1 each	100% (direct)	100% (direct)
Future Data Limited	British Virgin Islands, limited liability company	Investment holding	2 ordinary shares of US$1 each	100% (indirect)	100% (indirect)
Epro Telecom Holdings Limited	Hong Kong, limited liability company	Investment holding	20,533,987 ordinary shares	100% (indirect)	100% (indirect)
Epro Telecom Services Limited	Hong Kong, limited liability company	Provision of telecommunication and related services and sales of system and software	23,000,001 ordinary shares	100% (indirect)	100% (indirect)
Epro Logic Limited	Hong Kong, limited liability company	Research and development of telecommunication systems software, provision of related consulting services and sales of system and software	3,000,000 ordinary shares	100% (indirect)	100% (indirect)
Interactive Business Services Limited	Hong Kong, limited liability company	Provision of telecommunication and related services	3,000,000 ordinary shares	100% (indirect)	100% (indirect)
Epro Marketing Limited	Hong Kong, limited liability Company	Provision of telecommunication and related services	3,000,000 ordinary shares of HK$1 each	100% (indirect)	100% (indirect)
Epro Online Services Limited	Hong Kong, limited liability company	Provision of consultancy services on recruitment, training and sales of system and software	1 ordinary share	100% (indirect)	100% (indirect)

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements, furniture and fixtures HK$'000	Computer equipment HK$'000	Computer software HK$'000	Electronic and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
As at 1 January 2014						
Cost	24,078	22,682	13,633	16,707	2,750	79,850
Accumulated depreciation	(19,269)	(22,101)	(10,329)	(15,344)	(2,334)	(69,377)
Net book amount	4,809	581	3,304	1,363	416	10,473
Year ended 31 December 2014						
Opening net book amount	4,809	581	3,304	1,363	416	10,473
Currency translation differences	(7)	–	(3)	(1)	(2)	(13)
Disposal of subsidiaries *(Note 31)*	(2,841)	–	(324)	(1,159)	(147)	(4,471)
Additions	4,032	253	1,286	721	–	6,292
Depreciation charge	(2,313)	(398)	(1,183)	(500)	(259)	(4,653)
Closing net book amount	3,680	436	3,080	424	8	7,628
As at 31 December 2014						
Cost	22,675	22,935	14,535	15,395	462	76,002
Accumulated depreciation	(18,995)	(22,499)	(11,455)	(14,971)	(454)	(68,374)
Net book amount	3,680	436	3,080	424	8	7,628
Year ended 31 December 2015						
Opening net book amount	**3,680**	**436**	**3,080**	**424**	**8**	**7,628**
Additions	**128**	**212**	**14**	**63**	**–**	**417**
Disposals *(Note 7)*	**(16)**	**–**	**–**	**–**	**–**	**(16)**
Depreciation charge	**(1,349)**	**(303)**	**(1,219)**	**(189)**	**(8)**	**(3,068)**
Closing net book amount	**2,443**	**345**	**1,875**	**298**	**–**	**4,961**
As at 31 December 2015						
Cost	**22,754**	**23,147**	**14,549**	**15,458**	**462**	**76,370**
Accumulated depreciation	**(20,311)**	**(22,802)**	**(12,674)**	**(15,160)**	**(462)**	**(71,409)**
Net book amount	**2,443**	**345**	**1,875**	**298**	**–**	**4,961**

16. INTANGIBLE ASSETS

	Goodwill HK$'000	Internally generated software development costs HK$'000	Total HK$'000
As at 1 January 2014			
Cost	9,825	32,844	42,669
Accumulated amortization	–	(21,852)	(21,852)
Net book amount	9,825	10,992	20,817
Year ended 31 December 2014			
Opening net book amount	9,825	10,992	20,817
Additions	–	3,650	3,650
Disposal of subsidiaries *(Note 31)*	(9,825)	–	(9,825)
Amortization charge	–	(4,936)	(4,936)
Closing net book amount	–	9,706	9,706
As at 31 December 2014			
Cost	–	36,494	36,494
Accumulated amortization	–	(26,788)	(26,788)
Net book amount	–	9,706	9,706
Year ended 31 December 2015			
Opening net book amount	**–**	**9,706**	**9,706**
Additions	**–**	**3,385**	**3,385**
Disposal of subsidiaries *(Note 31)*	**–**	**–**	**–**
Amortization charge	**–**	**(5,202)**	**(5,202)**
Closing net book amount	**–**	**7,889**	**7,889**
As at 31 December 2015			
Cost	**–**	**39,879**	**39,879**
Accumulated amortization	**–**	**(31,990)**	**(31,990)**
Net book amount	**–**	**7,889**	**7,889**

Internally generated capitalized software development costs have definite useful lives and are amortized on a straight-line basis over 4 years.

17. INVESTMENT IN AN ASSOCIATE

	2015 HK$'000	2014 HK$'000
Unlisted, at cost	3	3
Share of net liabilities	(3)	(3)
	–	–

The amount due from an associate is unsecured, interest-free and are repayable on demand. The balance is denominated in the functional currency of the associate.

The following is a list of the associate at 31 December 2015:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Principal activities
Epro Career Limited	Hong Kong	25	Provision of human resources services

The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	2015 HK$'000	2014 HK$'000
Share of the associate's loss	–	–
Share of the associate's other comprehensive income	–	–
Share of the associate's total comprehensive income	–	–
Aggregate carrying amount of the Group's investment in the associate	–	–

17. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The Group has discontinued the recognition of its share of losses of associate because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognized share of losses of this associate for the current year and cumulatively were approximately HK$4,225,000 (2014: approximately HK$4,243,000) and approximately HK$10,832,000 (2014: approximately HK$6,607,000), respectively.

18. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**41,393**	37,697
Other receivables, deposits and prepayments	**17,067**	27,920
	58,460	65,617

The average credit period on the Group's sales is 30 days. The aging analysis of the trade receivables based on invoice date is as follows:

	2015 HK$'000	2014 HK$'000
0 – 30 days	**27,993**	23,587
31 – 60 days	**6,676**	5,371
61 – 90 days	**2,386**	2,315
Over 90 days	**4,338**	6,424
	41,393	37,697

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2015, the Group's trade receivables of approximately HK$17,412,000 (2014: HK$14,055,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2015 HK$'000	2014 HK$'000
0 – 30 days	10,078	4,159
31 – 60 days	2,912	3,469
61 – 90 days	1,529	1,684
Over 90 days	2,893	4,743
	17,412	14,055

As at 31 December 2015, none of the Group's trade receivables were impaired (2014: Nil).

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK$	52,780	65,617
RMB	5,680	–
	58,460	65,617

As at 31 December 2014 and 2015, the carrying amounts of the Group's trade and other receivables approximated their fair values due to short duration.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

19. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK$'000	2014 HK$'000
Unlisted investment:		
– Designated as at fair value through profit or loss	6,648	7,626
Market value of the unlisted investment	6,648	7,626

Changes in fair values of financial assets designated as at fair value through profit or loss are recorded in "Other losses – net" in the consolidated statement of profit or loss and other comprehensive income.

The fair value of the investment as at the end of the reporting period is based on its current bid prices offered by banker in Hong Kong.

The financial assets designated as at fair value through profit or loss have been pledged to bank to secure banking facilities of the Company's subsidiaries.

20. AMOUNTS DUE FROM RELATED COMPANIES

Name of related company	Maximum amount outstanding during the year HK$'000	2015 HK$'000	2014 HK$'000
Best Price Market Limited	193	193	–
East Ocean Gourmet Group	126	76	–
SG Hotel Group Management Limited	52	50	–
Epro Techsoft Limited	–	–	2,299
As at 31 December		319	2,299

Best Price Market Limited is controlled by the family members of Mr. Tang Shing Bor ("Mr. SB Tang") who is a non-executive director of the Company.

East Ocean Gourmet Group Limited is controlled by Mr. Tang Yiu Sing ("Mr. YS Tang") who is the executive director of the Company.

SG Hotel Group Management Limited is wholly owned by Stan Group (Holding) Limited which, in turn, is wholly-owned by Mr. Tang Yiu Sing ("Mr. YS Tang").

Epro Techsoft Limited is a subsidiary of Epro Group International Limited. Epro Group International Limited is wholly owned by Merry Silver Limited, which is owned as to 47% by Mr. Wong, 46% by Mr. Ling, 5% by Ms. Chang and 2% by Ms. Ting. The related party relationship ceased upon the completion of a sales and purchase agreement entered into between, among others, Excel Deal Holdings Limited, as vendor, and Million Top Enterprises Limited, as purchaser, which took place after the trading hour on 21 July 2015.

The amounts due from related companies are unsecured, interest-free and are repayable on demand.

The above balances are denominated in the functional currency of the relevant entities.

21. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities and factoring facilities of the Group. The effective interest rates on pledged bank deposits ranged from 0.04% to 0.6% per annum at 31 December 2015 (2014: from 0.03% to 0.6% per annum). The maturity of these deposits ranged from 33 to 92 days. The carrying amounts of pledged bank deposits are denominated in HK$.

22. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for three months and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

	2015 **HK$'000**	2014 HK$'000
Cash at banks and on hand	**25,054**	10,081
Short-term bank deposits	**6,882**	7,040
Cash and cash equivalents	**31,936**	17,121

As at 31 December 2015, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to approximately HK$6,972,000 (2014: 7,290,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

23. TRADE AND OTHER PAYABLES

	2015 **HK$'000**	2014 HK$'000
Trade payables	**1,962**	993
Other payables and accruals	**12,656**	11,121
	14,618	12,114

23. TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2015, the aging analysis of the trade payables based on invoice date is as follows:

	2015 HK$'000	2014 HK$'000
0 – 30 days	1,093	297
31 – 60 days	802	95
61 – 90 days	32	95
Over 90 days	35	506
	1,962	993

24. BORROWINGS

	2015 HK$'000	2014 HK$'000
Current		
Secured bank borrowings	1,711	3,793
Unsecured bank borrowings	–	137
	1,711	3,930

All the bank borrowings are analyzed as follows (Note):

	2015 HK$'000	2014 HK$'000
Within 1 year	1,711	2,931
More than 1 year but not more than 2 years	–	999
More than 2 years but not more than 5 years	–	–
	1,711	3,930

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The carrying values of the bank borrowings approximately equal to their fair values, as the market interest rates are relatively stable.

The effective interest rates of the bank borrowings is from 2.75% to 7% per annum at 31 December 2015 (2014: from 2.75% to 7% per annum) and mature until 2016.

The carrying amounts of the Group's borrowings are denominated in HK$.

24. BORROWINGS (CONTINUED)

As at 31 December 2015, the banking facilities and factoring facilities of the Group were secured by the followings:

(i) Corporate guarantees executed by ETS Group Limited;

(ii) Pledged financial assets designated as at fair value through profit or loss with carrying amount of approximately HK$6,648,000 (2014: HK$7,626,000);

(iii) Pledged bank deposits with carrying amount of approximately HK$4,787,000 (2014: HK$4,777,000);

(iv) Proceeds in relation to certain trade receivables of the subsidiaries of the Company; and

(v) Assignment of certain trade receivables by the subsidiaries of the Company.

25. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, interest-free and are repayable on demand. The carrying amounts of the amounts due to related companies are denominated in the functional currency of the relevant entities.

26. DEFERRED INCOME TAX

The gross movement on the deferred income tax account is as follows:

	2015 HK$'000	2014 HK$'000
As at 1 January	**(357)**	1,377
Currency translation differences	**–**	(9)
Disposal of subsidiaries *(Note 31)*	**–**	(9)
Consolidated statement of profit or loss credited *(Note 11)*	**(321)**	(1,716)
As at 31 December	**(678)**	(357)

26. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities:	**Provision for unrealized profit HK$'000**	**Accelerated tax depreciation HK$'000**	**Total HK$'000**
As at 1 January 2014	1,621	544	2,165
Credited to the consolidated statement of profit or loss	(1,612)	(18)	(1,630)
Currency translation differences	(9)	–	(9)
Disposal of subsidiaries *(Note 31)*	–	(9)	(9)
As at 31 December 2014	–	517	517
Credited to the consolidated statement of profit or loss	–	(184)	(184)
As at 31 December 2015	**–**	**333**	**333**

Deferred tax assets:	**Decelerated tax depreciation HK$'000**
As at 1 January 2014	(788)
Credited to the consolidated statement of profit or loss	(86)
As at 31 December 2014	(874)
Credited to the consolidated statement of profit or loss	(137)
As at 31 December 2015	**(1,011)**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of the tax losses at the end of reporting period as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilized in the foreseeable future.

As at 31 December 2015, the Group has unused tax losses of approximately HK$1,234,000 (2014: approximately HK$1,376,000) which are available for offset against future profits. Tax losses of the PRC subsidiaries had an expiry period of five years, while tax losses of Hong Kong subsidiaries may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.

27. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Ordinary shares of HK$0.01 each HK$'000	Share premium HK$'000
Ordinary shares, Issued and fully paid up:			
As at 31 December 2014 and 2015	280,000,000	2,800	25,238

28. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the sole shareholder at general meeting of the Company held on 21 December 2011, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

On and subject to the terms of the Scheme, the directors of the Company shall be entitled at any time during the term of the Scheme, at their absolute discretion, to offer to grant to any participant an option to subscribe for such number of shares as the directors of the Company may determine at the subscription price.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of shares which option may be granted under the Scheme and any other share option schemes of the Company shall not exceed 28,000,000 shares, being 10% of the total number of shares in issue immediately following completion of the placing and the capitalization issue (the "Scheme Mandate Limit") on 9 January 2012 unless the Company seeks the approval of the shareholders in general meeting for refreshing the Scheme Mandate Limit under the Scheme provided that options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeds.

28. SHARE OPTION SCHEME (CONTINUED)

The total number of shares issued and to be issued upon exercise of all options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total number of shares issued unless (i) a shareholders' circular is despatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

The subscription price of the option shares granted under the Scheme may be determined by the directors at its absolute discretion but in any case shall not be lower than the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Scheme shall be valid and effective for a period of 10 years commencing from 21 December 2011 unless terminated by the Group.

Options granted under the Scheme must be taken up within 21 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 December 2014 and 2015.

29. RESERVES

Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilized for future bonus issue.

Merger reserve

Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Corporate Reorganization.

30. COMMITMENTS

(a) Operating lease commitments

The Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of rented office premises as follows:

	2015 HK$'000	2014 HK$'000
No later than 1 year	8,131	6,722
Later than 1 year and no later than 5 years	6,189	1,005
	14,320	7,727

The Group leases office premises are under operating lease agreements. Lease for properties are for terms ranging from 1 to 3 years.

31. DISPOSAL OF SUBSIDIARIES

On 22 December 2014, the Group disposed of its 100% equity interest in Elite Depot Holdings Limited and its subsidiaries at a consideration of HK$8,000,000, which the consideration shall be payable by the purchaser in the following manner:

(i) As to HK$4,000,000 shall be payable by the purchaser upon completion of the disposal; and

(ii) As to the remaining balance HK$4,000,000 share be payable by the purchaser on or before 28 February 2015.

The purchaser further undertakes and warrants that it will procure for the following matters:

(i) Elite Depot Holdings Limited and its subsidiaries to repay the current balance outstanding and owed to the Group as at the date of completion within one year from the date of completion; and

(ii) The equity holders of Guangzhou JunFeng Network Technology Company Limited, a subsidiary of Elite Depot Holdings Limited, to repay the outstanding loan of RMB7,000,000 in full to the Group on or before 30 June 2015.

31. DISPOSAL OF SUBSIDIARIES (CONTINUED)

The net assets of Elite Depot Holdings Limited and its subsidiaries at the date of disposal was as follows:

	HK$'000
Property plant and equipment *(Note 15)*	4,471
Goodwill *(Note 16)*	9,825
Trade and other receivables	8,916
Amount due from a related company	5,559
Cash and cash equivalents	6,344
Trade and other payables	(18,475)
Amount due to a related company	(18)
Current income tax liabilities	(461)
Deferred income tax liabilities *(Note 26)*	(9)
Net assets disposed of	**16,152**
Release of foreign currency translation reserve	(116)
Recognition of receivables from disposal group upon disposal	(8,827)
Gain on disposal of subsidiaries *(Note 7)*	791
	8,000
Satisfied by:	
Cash consideration	**8,000**
Net cash outflow on disposal of subsidiaries:	
Cash consideration received during the year	4,000
Cash and cash equivalents disposed of	(6,344)
	(2,344)

32. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions during the year:

Name of related party	Nature of transactions	Notes	2015 HK$'000	2014 HK$'000
Always Beyond Limited	Premise rental expenses	(i), (vi) & (ix)	1,213	–
Best Price Market Limited	Sales of system and provide relevant services	(i) & (vii)	(193)	–
East Ocean Food (Hong Kong) Limited	Seasonal event expenses	(i) & (v)	23	–
East Ocean Gourmet Group Limited	Outsourcing inbound contact service income	(ii) & (v)	(202)	–
SG Marketing Limited	Insourcing service income	(ii) & (v)	(8)	–
SG Hotel Group Management Limited	Insourcing service income	(iii) & (v)	(75)	–
Epro Career Limited	Insourcing fee expenses	(iv) & (v)	13,410	12,571
Epro Techsoft Limited	System maintenance income	(v), (viii) & (ix)	(631)	(1,554)
Take Shine Limited	Premise rental expenses	(viii) & (x)	–	97
Guangzhou Epro Information Technology Company Limited	Subcontracting fee for software technical research and development services	(v) & (viii)	–	6,065
eGalaxy Immigration Consultants Limited	Facilities management income	(v), (viii) & (xi)	–	(56)

32. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

(i) Always Beyond Limited, Best Price Market Limited and East Ocean Food (Hong Kong) Limited are controlled by the family members of Mr. Tang Shing Bor who is a non-executive director of the Company.

(ii) East Ocean Gourmet Group Limited and SG Marketing Limited are controlled by Mr. Tang Yiu Sing who is the executive director of the Company.

(iii) SG Hotel Group Management Limited is wholly owned by Stan Group (Holding) Limited which, in turn, is wholly-owned by Mr. Tang Yiu Sing.

(iv) Epro Career Limited is an associate of Epro Telecom Holdings Limited.

(v) Seasonal event expenses, outsourcing inbound contact service income, insourcing service income, insourcing fee expenses, system maintenance income, subcontracting fee and facilities management income are based on terms mutually agreed between the parties involved.

(vi) Pursuant to old rental agreement entered into between Always Beyond Limited and Epro Telecom Services Limited (a subsidiary of the Company) on 23 December 2014 and the renewed rental agreement entered into between Always Beyond Limited and Epro Telecom Services Limited on 2 November 2015, Epro Telecom Services Limited agreed to lease the premises for a term from 23 December 2014 to 1 November 2015 and for a term from 2 November 2015 to 1 November 2016 respectively.

(vii) Pursuant to agreement entered into between Best Price Market Limited and Epro Telecom Services Limited on 21 December 2015, Epro Telecom Services agreed to sell the Business Centre System and provide relevant services to Best Price Market Limited.

(viii) Epro Techsoft Limited, Guangzhou Epro Information Technology Company Limited, Take Shine Limited and eGalaxy Immigration Consultants Limited are subsidiaries of Epro Group International Limited. The related party relationship ceased upon the completion of a sales and purchase agreement entered into between, among others, Excel Deal Holdings Limited, as vendor, and Million Top Enterprises Limited, as purchaser, which took place after the trading hour on 21 July 2015.

(ix) These related party transactions will constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

(x) Pursuant to a rental agreement entered into between Take Shine Limited and Guangzhou JunFeng Network Technology Company Limited (a former subsidiary of the Company) on 23 January 2013, Guangzhou JunFeng Network Technology Company Limited agreed to lease the premise for a term from 1 January 2013 to 1 February 2014.

(xi) Pursuant to a rental agreement entered into between eGalaxy Immigration Consultants Limited and Epro Online Services Limited (a subsidiary of the Company) on 1 November 2014, eGalaxy Immigration Consultants Limited agreed to lease the facilities for a term from 1 November 2014 to 31 October 2015.

Key management personnel compensation

	2015 HK$'000	2014 HK$'000
Salaries and short-term employee benefits	**5,512**	8,374
Post-employment benefits	**97**	143
	5,609	8,517

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Non-current assets		
Investments in subsidiaries	**40,151**	40,151
Current assets		
Other receivables	**36,108**	14,105
Amounts due from subsidiaries	**44,986**	35,675
Cash and cash equivalents	**11,086**	11,279
	92,180	61,059
Current liabilities		
Other payables	**1,100**	2,578
Amounts due to subsidiaries	**18,394**	18,385
Current income tax liabilities	**281**	74
	19,775	21,037
Net current assets	**72,405**	40,022
Net assets	**112,556**	80,173
Equity attributable to the owners of the Company		
Share capital	**2,800**	2,800
Share premium	**25,238**	25,238
Reserves *(Note (a))*	**84,518**	52,135
Total equity	**112,556**	80,173

The statement of financial position of the Company was approved by the Board of Directors on 17 March 2016 and were signed on its behalf

Tang Yiu Sing **Yeung Ka Wing**

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a) Reserve movement of the Company

	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 January 2014	40,151	17,274	57,425
Profit for the year	–	870	870
Dividends paid *(Note 13)*	–	(6,160)	(6,160)
As at 31 December 2014	40,151	11,984	52,135
Profit for the year	–	37,843	37,843
Dividends paid *(Note 13)*	–	(5,460)	(5,460)
As at 31 December 2015	**40,151**	**44,367**	**84,518**

Special reserve

Special reserve represents the difference between the fair value of the shares of Eastside Fortune Limited acquired pursuant to the Corporate Reorganization on 13 December 2011 over the nominal value of the Company's share issued in exchange therefore.

34. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2015 is set out below:

Name of director	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Other benefits HK$'000	Employer's contribution to pension schemes HK$'000	Total HK$'000
Executive directors						
Mr. Ling Chiu Yum[1]	–	1,137	212	–	4	1,353
Mr. Wong Wai Hon Telly[1]	–	1,198	223	–	12	1,433
Ms. Chang Men Yee Carol[1, 5]	–	1,137	212	–	59	1,408
Mr. Suen Fuk Hoi[1]	–	455	71	–	11	537
Mr. Phung Nhuong Giang[4]	–	186	–	–	–	186
Mr. Tang Yiu Sing[2, 6] ("Mr. YS Tang")	–	25	–	–	1	26
Mr. Yeung Ka Wing[2]	–	306	–	–	8	314
Mr. Tsui Kit Yuan[2, 3]	–	37	–	–	2	39
Non-executive director						
Mr. Tang Shing Bor[2] ("Mr. SB Tang")	–	25	–	–	–	25
Independent non-executive directors						
Mr. Wong Sik Kei	96	–	–	–	–	96
Mr. Ngan Chi Keung	96	–	–	–	–	96
Mr. Yung Kai Tai	96	–	–	–	–	96
	288	4,506	718	–	97	5,609

34. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

The remuneration of every director and the chief executive for the year ended 31 December 2014 is set out below:

Name of director	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Other benefits HK$'000	Employer's contribution to pension schemes HK$'000	Total HK$'000
Executive directors						
Mr. Ling Chiu Yum	–	1,800	341	–	17	2,158
Mr. Wong Wai Hon Telly	–	1,896	360	–	17	2,273
Ms. Chang Men Yee Carol[5]	–	1,800	341	–	92	2,233
Mr. Suen Fuk Hoi	–	600	114	–	17	731
Mr. Phung Nhuong Giang	–	746	130	–	–	876
Independent non-executive directors						
Mr. Wong Sik Kei	82	–	–	–	–	82
Mr. Ngan Chi Keung	82	–	–	–	–	82
Mr. Yung Kai Tai	82	–	–	–	–	82
	246	6,842	1,286	–	143	8,517

Notes:

1 Resigned on 19 August 2015.
2 Appointed on 29 July 2015.
3 Resigned on 30 November 2015.
4 Resigned on 1 April 2015.
5 Ms. Chang Men Yee Carol was the chief executive of the Group and resigned on 19 August 2015.
6 Mr. Tang Yiu Sing was the chief executive of the Group and appointed on 29 July 2015.

(b) Directors' material interest in transactions, arrangement or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year:

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**143,612**	176,044	169,741	164,619	195,762
Operating profit	**11,921**	16,426	32,019	16,465	24,432
Finance costs	**(582)**	(659)	(758)	(445)	(1,433)
Share of loss of associate accounted for using the equity method	**–**	–	(3)	–	–
Profit before tax	**11,339**	15,767	31,258	16,020	22,999
Income tax expense	**(2,149)**	(1,384)	(5,584)	(1,833)	(3,772)
Profit for the year	**9,190**	14,383	25,674	14,187	19,227

FINANCIAL SUMMARY

	At 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Asset and liabilities					
Property, plant and equipment	**4,961**	7,628	10,473	6,620	8,078
Intangible assets	**7,889**	9,706	20,817	7,459	3,598
Investment in an associate	**–**	–	–	–	–
Deferred income tax assets	**1,011**	874	788	683	–
Net current assets	**94,991**	87,098	66,701	62,146	28,918
Total assets less current liabilities	**108,852**	105,306	98,779	76,908	40,594
Borrowings – non current	**–**	–	–	–	(150)
Deferred income tax liabilities	**(333)**	(517)	(2,165)	(416)	(297)
Net assets	**108,519**	104,789	96,614	76,492	40,147
Capital and reserves					
Share capital	**2,800**	2,800	2,800	2,800	–
Share premium	**25,238**	25,238	25,238	25,238	–
Reserves	**80,481**	76,751	68,576	48,454	40,147
Total equity	**108,519**	104,789	96,614	76,492	40,147
Earnings per share attributable to owners of the Company – Basic and diluted (HK cents)	**3.3**	5.1	9.2	5.1	9.2

Notes:

1. The results of the Group for the year ended 31 December 2015 and 2014 are those set out on page 52 of this annual report.
2. The consolidated statement of financial position as at 31 December 2015 and 2014 are those set out on page 53 of this annual report.