GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*

(formerly known as Well Way Group Limited)
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8063

ANNUAL REPORT 2015

*For identification purposes only

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This report, for which the directors (the "Directors") of Global Mastermind Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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

BOARD OF DIRECTORS

Executive Directors

Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li
Mr. Leung Wai Man

Independent Non-executive Directors

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

COMPLIANCE OFFICER

Mr. Mung Bun Man, Alan

COMPANY SECRETARY

Mr. Lee Chan Wah

AUDIT COMMITTEE

Mr. Law Kwok Ho, Kenward *(Committee Chairman)*
Mr. Tsai Yung Chieh, David
Mr. Fung Wai Ching

REMUNERATION COMMITTEE

Mr. Tsai Yung Chieh, David *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

NOMINATION COMMITTEE

Mr. Fung Wai Ching *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Tsai Yung Chieh, David

CORPORATE GOVERNANCE COMMITTEE

Mr. Mung Bun Man, Alan *(Committee Chairman)*
Mr. Fung Wai Ching
Mr. Lee Chan Wah

AUTHORIZED REPRESENTATIVES

Mr. Mung Bun Man, Alan
Mr. Lee Chan Wah

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISERS

As to Hong Kong Law
Michael Li & Co

As to Cayman Islands Law
Conyers Dill and Pearman

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STOCK CODE

8063

Financial Summary

RESULTS

For the year ended 31 December

	2015 HK$'000	(Note) 2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Revenue and income	**56,741**	48,969	52,516	58,108	63,001
Cost of revenue and income	**(16,681)**	(2,352)	–	–	(170)
Other income	**7,624**	8,725	3,876	6,040	5,530
Gain on disposal of investments	**–**	12,309	–	–	–
Precious metal used	**–**	–	–	(2,435)	(9,897)
Staff costs	**(41,121)**	(37,680)	(39,057)	(39,502)	(28,735)
Depreciation and amortization expenses	**(10,079)**	(11,227)	(12,944)	(13,855)	(8,704)
Share-based payments	**–**	–	–	–	(2,783)
Impairment loss on intangible assets	**(21,000)**	–	–	–	–
Impairment loss on goodwill	**–**	(8,393)	(25,000)	(24,000)	–
Impairment loss on available-for-sale investments	**(88,200)**	–	–	–	–
Other expenses	**(19,954)**	(18,092)	(17,287)	(16,960)	(15,918)
Share of profit of a joint venture	**1,853**	2,071	1,100	–	–
Finance costs	**(737)**	(73)	–	–	(1)
(Loss)/profit before taxation	**(131,554)**	(5,743)	(36,796)	(32,604)	2,323
Income tax credit/(expenses)	**5,372**	208	(173)	(981)	(2,496)
Loss for the year	**(126,182)**	(5,535)	(36,969)	(33,585)	(173)

Note: As a result of changes in presentation format of the consolidated statement of profit or loss and other comprehensive income, the figures in 2014 have been reclassified to conform to the current year's presentation.

ASSETS AND LIABILITIES

As at 31 December

	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Total assets	**437,869**	653,883	362,440	385,862	408,890
Total liabilities	**(80,438)**	(85,019)	(86,149)	(65,007)	(67,899)
Equity attributable to owner of the Company	**357,431**	568,864	276,291	320,855	340,991

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded a loss attributable to owners of the Company of HK$126,182,000 for the year ended 31 December 2015 (for the year ended 31 December 2014: HK$5,535,000), representing basic loss per share of HK16.50 cents (for the year ended 31 December 2014: HK2.01 cents).

Revenue and income and Profitability

For the year ended 31 December 2015, the consolidated revenue and income of the Group amounted to HK$56,741,000, representing 15.9% increase compared to HK$48,969,000 for the year ended 31 December 2014. The increase was mainly contributed by the revenue derived from the sale of hotel rooms and the travel agency operation in Hong Kong.

The revenue arising from the travel business in Singapore consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related products and services, including airtickets, hotel rooms, Free Independent Traveler ("FIT") packages and ground transportation handling services.

Corporate customers are business travelers who require travel products and services for their travel purposes. Wholesale customers are usually travel services providers who purchase airtickets, hotel rooms, FIT packages and other travel related products. Meetings, Incentives, Conventions and Exhibitions ("MICE") customers refer to customers who are mainly corporate customers, convention organizers and special projects organizers who require one stop professional MICE/special project/event management services.

During the year under review, the performance of travel business in Singapore continued to be highly competitive and volatile. Revenue derived from that segment recorded a decrease of approximately HK$6,401,000 or 13.5% as compared with that in last year.

The revenue arising from travel agency operation in Hong Kong consists of rendering travel agency services related to air ticketing and air/hotel packages.

Approximately 72.7% or HK$41,243,000 of the total revenue was derived from the provision of travel related products and services of which HK$40,919,000 and HK$324,000 was generated from the market in Singapore and Hong Kong respectively.

Approximately 27.3% or HK$15,498,000 of the total revenue was derived from the market in Hong Kong by the sale of hotel rooms. The costs of services provided of HK$14,075,000 was the costs of hotel rooms payable to the supplier.

At the end of the reporting period, the Group revalued its equities portfolio at market prices and recognised an unrealised loss of HK$2,705,000 (for the year ended 31 December 2014: HK$349,000) arising on change in fair value of financial assets at fair value through profit or loss. Adding a gain of HK$99,000 (for the year ended 31 December 2014: a loss of HK$503,000) generated from the sale of financial assets during the year under review, the net change in fair value on investment securities was HK$2,606,000 (for the year ended 31 December 2014: HK$852,000).

Other Income

Other income for the year ended 31 December 2015 amounted to HK$7,624,000 representing a decrease of 12.6% compared to HK$8,725,000 for the year ended 31 December 2014. Such decrease was mainly attributed to (i) the decrease in interest income to HK$2,116,000 (31 December 2014: HK$2,855,000); (ii) the decrease in net exchange gain to HK$142,000 (31 December 2014: HK$757,000); and (iii) the decrease in commercial credit card rebate to HK$753,000 (31 December 2014: HK$1,181,000).

Expenditure

For the reporting period under review, staff costs amounted to HK$41,121,000 (for the year ended 31 December 2014: HK$37,680,000). The travel business in Singapore accounted for approximately HK$39,598,000 or 96.3% of the total staff costs which mainly included the staff costs of sales staff and administration staff. The travel business in Hong Kong accounted for approximately HK$246,000 or 0.6% of the total staff costs. Depreciation and amortisation expenses amounted to HK$10,079,000 (for the year ended 31 December 2014: HK$11,227,000). Other expenses amounted to HK$19,954,000 (for the year ended 31 December 2014: HK$18,092,000). The travel business in Singapore accounted for approximately HK$11,862,000 or 59.4% of the total other expenses.

Impairment Loss on Goodwill and Intangible Assets

The Group performs regular review on the carrying values of goodwill and intangible assets of the acquired business to determine any potential impairment loss according to Hong Kong Accounting Standard 36 "Impairment of Assets".

During the year under review, the Group recognised an impairment loss on intangible assets amounting to HK$21,000,000 (for the year ended 31 December 2014: an impairment loss on goodwill of HK$8,393,000), comprised of the impairment loss on trade name and customer relationship regarding the travel business in Singapore of HK$15,547,000 and HK$5,453,000 respectively.

The impairment loss on intangible assets is calculated based on the recoverable amounts of the cash generating units ("CGUs") of trade name and customer relationship in the travel business in Singapore. The recoverable amounts of the CGUs were based on their value in use and were determined with the assistance of Ascent Partners Valuation Service Limited ("Ascent Partners"), an independent professional qualified valuer not connected to the Group.

During the third quarter of 2015, an impairment loss on intangible assets of HK$15,000,000 had been recognised, with reference to the valuation report prepared by Ascent Partners.

As at the year end of 2015, the management further assessed the current and expected performance of travel business with reference to the valuation report prepared by Ascent Partners, which indicated the recoverable amounts of the CGUs, while as compared with the impairment test conducted in the third quarter of 2015, were below the respective carrying amounts of intangible assets. On this basis, an additional impairment loss on intangible assets of HK$6,000,000 was recognised.

Impairment Loss on Available-For-Sale Investments

Due to a significant decline in the fair value of the investment in 60,000,000 shares (as adjusted for the share consolidation of every twenty five issued shares being consolidated into one consolidated share effective on 9 November 2015) of China Star Entertainment Limited which was classified as available-for-sale investments, an impairment loss of HK$88,200,000 on available-for-sale investments was recorded as at 31 December 2015.

Finance Costs

For the year under review, finance costs of HK$737,000 (for the year ended 31 December 2014: HK$73,000) was attributed to the interest on advances drawn on trade receivables discounted with full recourse and short term secured bank borrowings.

Share of Profit of a Joint Venture

On 30 July 2013, Jade Emperor International Limited ("Jade Emperor"), an indirect wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "Participation Agreement") with Matrix Triumph Sdn. Bhd. ("MTSB") and Discover Orient Holidays Sdn. Bhd. ("DOH") for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14 million. DOH engages principally in the business of operating as tours and travel agents in Malaysia.

Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee which is equivalent to 90% of the profit before taxation of DOH. MTSB unconditionally and irrevocably guaranteed to Jade Emperor that the profit before taxation for the three financial years commencing from the financial year ended 31 December 2013 shall be no less than one million Malaysian Ringgit for each financial year.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the Directors, in the view of the price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

The transaction was completed on 31 August 2013 and the details of the transaction were set out in the Company's announcement dated 30 July 2013.

Based on the unaudited management accounts of DOH, the Group shared a profit from the joint venture amounting to HK$1,853,000 (for the year ended 31 December 2014: HK$2,071,000).

BUSINESS REVIEW

During the year under review, Perfect Well Tours Limited ("Perfect Well"), an indirect wholly owned subsidiary of the Company, commenced the travel agency operation in Hong Kong by rendering travel agency services related to air ticketing and air/hotel packages.

Change of Use of Proceeds

On 11 September 2015, the Company announced to re-allocate the unutilized net proceeds of HK$49,870,000 from the open offer as completed on 18 June 2014 from purpose of acquiring an office premises in Hong Kong commercial district for the Group as head office and principal place of business in Hong Kong to (i) as to HK$20,000,000 for the funding of the Loan Agreement (as defined below); and (ii) as to HK$29,870,000 for the future investment in financial instruments available in local financial market and/or listed or unlisted companies in Hong Kong and/or other transaction in relation to the provision of financial assistance when the opportunity arise.

Discloseable Transaction

On 11 September 2015, the Board announced that a loan agreement was entered into between the Company as lender and an independent third party as borrower (the "Loan Agreement"). Pursuant to the Loan Agreement, the Company had conditionally agreed to grant the borrower a loan of up to a principal amount of HK$20,000,000 for a period of 24 months (the "Loan") after the date on which the Loan Agreement becoming unconditional, with an interest rate of 10% per annum. As one of the relevant applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the grant of the Loan under the Loan Agreement was more than 5% but less than 25%, the grant of the Loan under the Loan Agreement constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. The Loan was drawdown on 17 September 2015 and repaid in full on 7 December 2015.

Development of New Business

On 23 September 2015, the Company announced the intention of the Group to develop two new business segments (the "New Businesses"), namely, (i) money lending business (operation of which is regulated under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)); and (ii) asset management business (operation of which is type 9 regulated activity regulated under the Securities and Futures Ordinance (the "SFO")). The Company had commenced the application processes for the relevant licences. The initial capital required for the New Businesses was financed by internal resources of the Company.

On 4 February 2016, Global Mastermind Financial Services Limited, an indirect wholly-owned subsidiary of the Company was granted a license to carry on business as a money lender in Hong Kong by the relevant department of the Hong Kong Special Administrative Region Government.

Proposed Rights Issue and Change in Board Lot Size

On 8 October 2015, the Company announced the proposed issue of 764,572,350 new shares by way of rights issue to the qualifying shareholders of the Company on the basis of one new share for every one existing share held on the record date at a subscription price of HK$0.10 per share (the "Rights Issue"). The proposed Rights Issue was expected to raise HK$72,400,000 (after deducting all relevant expenses). An underwriting agreement was entered into between the Company, Excellent Mind Investments Limited ("Excellent Mind") and Kingston Securities Limited ("Kingston Securities") in relation to the Rights Issue (the "Underwriting Agreement"). Excellent Mind is owned as to 60% by Mr. Mung King Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive directors of the Company. Excellent Mind shall have the priority to underwrite the first 304,000,000 underwritten shares of the Rights Issue and Kingston Securities shall underwrite the remaining underwritten shares of the Rights Issue. The net proceeds from the proposed Rights Issue will be used for (i) the Group's new money lending business (operation of which is regulated under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); (ii) the Group's new asset management business (operation of which is type 9 regulated activity regulated under the SFO); (iii) the Group's investment in financial instruments available in local financial market and/or listed or unlisted companies in Hong Kong; (iv) future development of the Group's businesses; and (v) general working capital of the Group.

On 8 October 2015, the Company also announced the proposed change in board lot size of the shares of the Company for trading on the Stock Exchange from 10,000 shares of the Company to 50,000 shares of the Company. Such change took effect on 28 January 2016.

Supplemental Underwriting Agreement in Relation to the New Rights Issue

Subsequent to the announcement dated 8 October 2015 in relation to the Rights Issue, the Board proposed to purchase office premises, which required more financial resources. Accordingly, on 13 November 2015, the Company, Kingston Securities and Excellent Mind entered into a supplemental agreement (the "Supplemental Underwriting Agreement") to vary certain terms of the Underwriting Agreement. Pursuant to the Supplemental Underwriting Agreement, the Company proposed to raise approximately HK$152.9 million, before expenses, by issuing 1,529,144,700 new shares at the subscription price of HK$0.10 per rights share on the basis of two rights shares for every one existing share held on the record date (the "New Rights Issue"). The net proceeds from the New Rights Issue after deducting all relevant expenses was estimated to be approximately HK$146.5 million which was intended to be applied in the following manner: (i) approximately HK$30 million would be allocated for the development of money lending business; (ii) approximately HK$20 million would be allocated for the investment in the securities in Hong Kong; (iii) approximately HK$20 million would be allocated for the development of the provision of financial services, including the asset management business and the future development of other Group's business in that segment; (iv) approximately HK$74 million would be allocated for acquiring an office premises in Hong Kong for the Group as head office and principal place of business in Hong Kong; and (v) the remaining balance for approximately HK$2.5 million would be allocated for general working capital. Excellent Mind shall have the priority to underwrite the first 532,000,000 underwritten shares of the New Rights Issue and Kingston Securities shall underwrite the remaining underwritten shares of the New Rights Issue.

Details of the New Rights Issue were set out in the Company's circular dated 24 December 2015. An extraordinary general meeting for approving the New Rights Issue was held on 15 January 2016. A prospectus was despatched to the shareholders of the Company on 28 January 2016. The New Rights Issue was completed on 29 February 2016.

Change of Company Name and Stock Short Name

On 16 October 2015, the Company announced the proposed change of the English name of the Company from "Well Way Group Limited" to "Global Mastermind Holdings Limited" and adopt "環球大通集團有限公司" as the Chinese name of the Company for identification purposes only to replace the existing Chinese name "和滙集團有限公司" (the "Change of Company Name"). A circular containing, among others, the details of the Change of Company Name had been despatched to the shareholders of the Company on 29 October 2015. The special resolution in relation to the Change of Company Name had been approved by the shareholder of the Company at the extraordinary general meeting held on 23 November 2015. The Change of Company Name had become effective on 24 November 2015. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 17 December 2015 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong). The English stock short name of the Company for trading in the shares of the Company on the Stock Exchange had been changed from "WELL WAY GP" to "GLOBAL M HLDG" and the Chinese stock short name of the Company for trading in the shares of the Company on the Stock Exchange had been changed from "和滙集團" to "環球大通集團", with effect from 9:00 a.m. on 29 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the year. As at 31 December 2015, the working capital, calculated by current assets less current liabilities, of the Group was HK$251,914,000 compared to HK$275,778,000 for last year.

As at 31 December 2015, the Group's current ratio was 4.5 times (as at 31 December 2014: 4.9 times), calculated by current assets of HK$324,169,000 (31 December 2014: HK$346,739,000) divided by current liabilities of HK$72,255,000 (31 December 2014: HK$70,961,000).

As at 31 December 2015, the Group's gearing ratio, expressed as percentage of total borrowings of the Group to total equity attributable to owners of the Company, was 5.3%, as compared with 1.9% in prior year.

During the year under review, net cash used in operating activities amounted to HK$65,233,000 compared to net cash used in operating activities of HK$32,199,000 for last year.

Net cash generated from investing activities for the year under review was HK$22,687,000 (for the year ended 31 December 2014: net cash used in investing activities HK$164,786,000). The amount generated for this year mainly represented the withdrawal of pledged bank deposits.

Net cash generated from financing activities for the year under review was HK$7,522,000 (for the year ended 31 December 2014: HK$250,561,000). The amount generated for this year mainly represented by the placement of new bank borrowings.

As a result, cash and cash equivalents of the Group as at 31 December 2015 was HK$112,724,000, compared with HK$148,784,000 as at 31 December 2014.

CAPITAL STRUCTURE

As at 31 December 2015, the Company has 764,572,350 shares of HK$0.01 each (the "Shares") in issue.

As at 31 December 2015, the total borrowings of the Group amounted to approximately HK$19,046,000 (31 December 2014: HK$10,787,000), representing short term secured bank borrowings, which are repayable within one year.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

(a) On 18 June 2014, the Company raised HK$49,870,000, after deducting all relevant expenses, by way of open offer of 74,959,150 new shares to the qualified shareholders of the Company at a subscription price of HK$0.70 per share. The net proceeds from the open offer of HK$49,870,000 were originally intended to be used for acquiring an office premise for the Company use in Hong Kong. On 11 September 2015, the Company announced to re-allocate the unutilized net proceeds of HK$49,870,000 from the purpose of acquiring an office premises in Hong Kong to (i) as to HK$20,000,000 for the funding of the Loan Agreement; and (ii) as to HK$29,870,000 for the future investment in financial instruments available in local financial market and/or listed or unlisted companies in Hong Kong and/or other transaction in relation to the provision of financial assistance when the opportunity arise. As at 31 December 2015, HK$29,870,000 were applied to investment in financial instruments in local financial market and HK$20,000,000 had been utilised for the funding of the Loan Agreement.

(b) On 30 July 2014, the Company raised HK$18,700,000, after deducting all relevant expenses, by way of placing 29,980,000 new shares under general mandate at a price of HK$0.65 per share. The net placing price was approximately HK$0.624 per placing share. The Company intended to use the net proceeds from the placing for the purpose of its general working capital requirements. As at 31 December 2015, the net proceeds of approximately HK$15.8 million has been utilized as general working capital purpose and approximately HK$2.9 million remained unutilized.

(c) On 12 November 2014, the Company raised HK$147,190,000, after deducting all relevant expenses, by way of open offer of 509,714,900 new shares to the qualified shareholders of the Company at a subscription price of HK$0.30 per share. The net proceeds from the open offer of HK$147,190,000 were intended to be used for (i) as to approximately HK$135.9 million for the subscription of 60,000,000 shares (as adjusted for share consolidation of every twenty five issued shares being consolidated into one consolidated share effective on 9 November 2015) of China Star Entertainment Limited (the "China Star Subscription"); and (ii) as to remaining balance to fund future expansion of the Group's businesses and/or for general working capital of the Group. As at 31 December 2015, HK$135.9 million had been utilized for the China Star Subscription and the remaining balance of approximately HK$11.29 million remained unutilized.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period were recognised in the profit or loss.

In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers or payment from customers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

PLEDGE OF ASSETS

As at 31 December 2015, trade receivables amounting to Singapore Dollar ("SG$") 24,505,000 (equivalent to approximately HK$134,234,000) (31 December 2014: SG$21,759,000 (equivalent to approximately HK$127,776,000)) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG$3,681,000 (equivalent to approximately HK$20,162,000) (31 December 2014: SG$7,000,000 (equivalent to approximately HK$41,109,000)) of the Group was pledged to a bank to secure credit facility as at 31 December 2015. The bank has provided banker's guarantees, invoice financing and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG$16,000,000 (equivalent to approximately HK$87,644,000) (31 December 2014: SG$16,000,000 (equivalent to approximately HK$93,956,000)) of which the amounts utilized as at 31 December 2015 were approximately SG$6,393,000 (equivalent to approximately HK$35,022,000) (31 December 2014: SG$12,075,000 (equivalent to approximately HK$70,908,000)). Besides, another bank has provided banker's guarantee to a subsidiary of the Company in an amount of approximately SG$49,000 (equivalent to approximately HK$268,000) (31 December 2014: Nil). The banker's guarantees have been given in favour to international airlines.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENT

The Group did not enter into any significant investment during the year ended 31 December 2015.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31 December 2015.

FUTURE BUSINESS STRATEGIES

The management is of the view that the travel business environment in coming years is continuing to be highly competitive and volatile. In order to maintain the Group's sustainability and preservation of value over the longer term, the Group will continue to look for suitable investment opportunities and projects in other areas characterised by stable cash inflows.

EVENTS AFTER THE REPORTING PERIOD

Expiry of Hotel Rooms Supply Agreement

With effect from 1 January 2016, the agreement entered into between Perfect Well and a hotel in Macau for the supply of hotel rooms by the hotel to Perfect Well was expired.

Major Acquisition in Relation to the Acquisition of Property Holding Companies

On 29 January 2016, Giant Code Limited (the "Purchaser"), a direct wholly-owned subsidiary of the Company, entered into the non-legally binding letter of intent (the "LOI A") with vendor A (the "Vendor A"), who is an independent third party in relation to the acquisition of 100% shareholding (the "Hope Master Sale Share") and shareholder's loan (the "Hope Master Sale Loan") in Hope Master Investments Limited ("Hope Master") which holds a property located at Unit 3107, 31/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "Property A") and a non-legally binding letter of intent (the "LOI B") with vendor B (the "Vendor B") who is an independent third party in relation to the acquisition of 100% shareholding (the "Famous Flamingo Sale Share") and shareholder's loan (the "Famous Flamingo Sale Loan") in Famous Flamingo Limited ("Famous Flamingo") which holds properties located at Unit 3108 and 3109, 31/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "Property B"). Pursuant to the terms of the LOI A and LOI B, HK$10,000,000 had been paid by the Purchaser to each of Vendor A and Vendor B in cash as refundable earnest money.

On 4 March 2016, the Purchaser entered into an acquisition agreement (the "Hope Master Acquisition Agreement") with Vendor A, pursuant to which Vendor A conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Hope Master Sale Share and the Hope Master Sale Loan, at the aggregate consideration of HK$63,370,687.10. On the even date, the Purchaser entered into an acquisition agreement (the "Famous Flamingo Acquisition Agreement) with Vendor B, pursuant to which Vendor B conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Famous Flamingo Sale Share and the Famous Flamingo Sale Loan, at the aggregate consideration of not exceeding HK$73,600,000.00 (collectively, the "Acquisition").

As one of the relevant applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Hope Master Acquisition Agreement and the Famous Flamingo Acquisition Agreement in aggregate exceeded 25% but less than 100%, the Acquisition constituted a major acquisition of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. As at the date of this report, the Company is in the process of preparing the circular in relation to the Acquisition. Details of the Acquisition were set out in the Company's announcement dated 4 March 2016.

Money Lender License

On 4 February 2016, Global Mastermind Financial Services Limited, an indirect wholly-owned subsidiary of the Company was granted a license to carry on business as a money lender in Hong Kong by the relevant department of the Hong Kong Special Administrative Region Government.

Discloseable Tranaction in Relation to the Provision of Financial Assistance

On 7 March 2016, a loan agreement was entered into between Global Mastermind Financial Services Limited ("Global Mastermind Financial Services"), an indirect wholly-owned subsidiary as lender and Mr. Ho Hon Keung, Terry ("Mr. Ho"), an independent third party as borrower, pursuant to which Global Mastermind Financial Services had conditionally agreed to grant a loan in the principal amount of HK$60 million to Mr. Ho for a term of two years from the date of drawdown with an interest rate of 8% per annum. As all of the relevant applicable percentage ratios in respect of the grant of the loan under the loan agreement were more than 5% but less than 25%, the grant of the loan under the loan agreement constituted a discloseable transaction of the Company and is only subject to the announcement requirement under Chapter 19 of the GEM Listing Rules. Details of the loan agreement were set out in the Company's announcements dated 7 March 2016 and 8 March 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to a number of risks, including those outlined below,

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition could impact the Group's performance.	• Continuously review market trends and maintain a competitive position by recruiting and retaining quality staff to provide flexible solutions to the customers.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	• Regularly review forward looking indicators to identify economic conditions.
Liquidity risk	Liquidity risk is the risk that the Group would not be able to meet its financial obligations as they fall due.	• Regularly monitor liquidity and balance sheet. • Maintain appropriate liquidity to cover commitments. • Limit liquidity risk exposure by investing securities listed on stock exchanges.
Price risk	Price risk is the risk that changes in equity prices would affect the Group's income and the value of its holdings of equities.	• Regularly monitor equity portfolio to address any portfolio issues promptly. • Spread price risk exposure by investing a number of equities.

Principal risks	Description	Mitigating actions
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates would affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and consider appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge the exchange risk.
People risk	People risk is the risk of loss the services of any directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages to attract and retain the employees the Group need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs on civil and/or criminal proceedings and reputational damage being incurred.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement for any compulsory changes. • Seek legal or other specialist advice as appropriate.

ENVIRONMENTAL POLICIES

The Group is committed to acting in an environmentally responsible manner. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

COMPLIANCE WITH REGULATIONS

Due to the nature of the business of the Group, the Directors are of the opinion that no specific laws and regulations related to environmental protection has significant impact on the operations of the Group.

RELATIONSHIP WITH EMPLOYEE, CUSTOMERS, SUPPLIERS AND OTHERS

During the year under review, the Group's aggregate sales attributable to its five largest customers was less than 30% of the Group's total revenue.

In addition, the Group's aggregate purchase attributable to its five largest suppliers was also less than 30% of the Group's total purchases.

Saved as disclosed above, none of the directors, their associates or any shareholder, which to the knowledge of the directors owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their merits, qualifications and competence.

The emoluments of the Directors are decided by the Board with reference to the recommendations from the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted the share option scheme ("Option Scheme") as an incentive to Directors and eligible participants, details of the Option Scheme is set out in note 27 of the consolidated financial statements.

COMPETING INTERESTS

Neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which causes or may cause significant competition with the business of the Group.

MANAGEMENT CONTRACT

No management contract in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

EMPLOYMENT INFORMATION

As at 31 December 2015, the total number of employees of the Group was 126.

The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the Directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and individual performance. In addition to salaries, the Group provides employee benefits such as medical insurance and provident funds. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The Group makes contributions to the Central Provident Fund Scheme in Singapore and the Mandatory Provident Fund Scheme in Hong Kong for all qualifying employees in accordance with the statutory requirements in both territories.

FINANCIAL KEY PERFORMANCE INDICATORS

We assess our performance against the following financial key performance indicators ("KPIs").

KPIs		For the year ended 31 December 2015	2014
The Group			
1. (LBITDA)/EBITDA	HK$'000	**(11,538)**	13,950
2. Operating cash outflow per share	HK cents	**8.53**	11.71
3. Losses per share – basic and diluted	HK cents	**16.50**	2.01
4. Current ratio	times	**4.5**	4.9
5. Gearing ratio	%	**5.3**	1.9
Travel Business			
6. Service revenue per staff	HK$'000	**589**	730
Securities Investment			
7. Return on financial assets at fair value through profit or loss	%	**(8.7)**	(2.8)

1. (LBITDA)/EBITDA

EBITDA is a valuable indicator of the ability to generate operating cash flow to fund working capital and capital expenditures and to service debt obligations. The LBITDA of the Group had been deteriorated by HK$25.5 million from EBITDA of HK$13.95 million for the year ended 31 December 2014 to LBITDA of HK$11.54 million for the year ended 31 December 2015. The deterioration was mainly attributed to the decrease in revenue and increase in operating cost of the travel business in Singapore.

2. Operating cash outflow per share

This indicator is the cash used in operating activities, divided by the weighted average of the number of shares in issue. It helps measure the utilization of cash from the whole business per share of the Company. The operating cash outflow per share was narrowed down from HK cents 11.71 for the year ended 31 December 2014 to HK cents 8.53 for the year ended 31 December 2015.

3. Losses per share – basic and diluted

It is calculated by dividing the net earnings (losses) by the weighted average of the number of shares in issue. It indicates the profitability of the Group and is often used as an indicator to determine the Company's share price and its value. The basic and diluted losses per share increased by 7.2 times to HK cents 16.50 for the year ended 31 December 2015 (31 December 2014: HK cents 2.01). The increase was mainly attributed to the substantial impairment loss of intangible assets of HK$21.0 million and available-for-sale investments HK$88.2 million recognised for the year ended 31 December 2015.

4. **Current ratio**

This indicator is calculated by dividing the current assets by the current liabilities of the Group. It measures the financial strength of the Group and the ability whether the Group has enough resources to pay its debts over the next twelve months. The current ratio remained stable at 4.5 times as at 31 December 2015 (31 December 2014: 4.9 times).

5. **Gearing ratio**

This indicator is calculated by dividing the total borrowing of the Group by the total equity attributable to owners of the Company. It measures the financial risk to which the Group is subjected. The gearing ratio had been deteriorated moderately from 1.9% as at 31 December 2014 to 5.3% as at 31 December 2015. The increase in gearing ratio was mainly due to the increase in bank borrowings and the substantial impairment loss on available-for-sale investment and intangible assets recognised during the year under review.

6. **Service revenue per staff**

This indicator is defined as revenue derived from travel business divided by number of sales staff. It is a key indicator to measure the ability of the Group to achieve the objective in the development of the travel business. The revenue per sales staff for travel business decreased from HK$730,000 for the year ended 31 December 2014 to HK$589,000 for the year ended 31 December 2015, or a 19.3% decrease over previous year. Such decrease was mainly attributed to the decrease in revenue of the travel business in Singapore, while the number of sales staff was increased to 70 (31 December 2014: 65) in the current year.

7. **Return on financial assets at fair value through profit or loss**

Return on financial assets at fair value through profit or loss is measured as a percentage of gains and losses arising on change in fair value, gains and losses on disposal and dividend income against the opening fair value of financial assets at fair value through profit or loss and the total investments made at cost for the reporting period. Securities investment recorded a negative return of 8.7% for the year ended 31 December 2015 (31 December 2014: negative return of 2.8%). The Federal Reserve's policy normalisation and the concerns over Mainland China's slowing economy continued to affect the stability of global financial markets.

Biographies of Directors

EXECUTIVE DIRECTORS

Mr. Mung Kin Keung ("Mr. Mung"), aged 55, was appointed as an executive Director on 19 June 2014. He holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. He has been appointed as an executive director of Global Mastermind Capital Limited (formerly known as Mastermind Capital Limited, Stock Code: 905), a company whose shares are listed on the Main Board of the Stock Exchange, since 9 March 2007. He was an executive director of Bestway International Holdings Limited (Stock Code: 718), a company whose shares are listed on the Main Board of the Stock Exchange, for the period from 22 October 2013 to 18 June 2015. Mr. Mung was appointed as an executive director of HNA International Investment Holdings Limited (formerly known as Shougang Concord Technology Holdings Limited, Stock Code: 521) ("HNA"), the shares of which are listed on the Main Board of the Stock Exchange, on 16 February 2009. He was redesignated as the vice-chairman and the chairman of HNA on 10 May 2010 and 24 October 2013 respectively. Mr. Mung has resigned as an executive director and the co-chairman of HNA with effect from 3 June 2015. Mr. Mung was also appointed as a co-chairman and an executive director of China Star Entertainment Limited (Stock Code: 326), a company listed on the Main Board of the Stock Exchange, for the period from 8 July 2014 to 30 April 2015. Save as disclosed above, Mr. Mung did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Mung entered into an appointment letter with the Company on 19 June 2014 for an initial term of one year commencing from the date of appointment and shall continue unless and until terminated by either party giving not less than three months' prior notice. He is subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the remuneration committee of the Company (the "Remuneration Committee").

Mr. Mung is the father of Mr. Mung Bun Man, Alan, an executive Director of the Company. Save as disclosed above, Mr. Mung does not have any relationship with any Directors, senior management or substantial or controlling shareholder (as respectively defined in the GEM Listing Rules) of the Company. Mr. Mung does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Mung Bun Man, Alan ("Mr. Alan Mung"), aged 29, was an executive Director on 24 March 2014. He is also the compliance officer, a director of certain subsidiaries of the Company, a member of each of Remuneration Committee and nomination committee (the "Nomination Committee") and the chairman of corporate governance committee ("Corporate Governance Committee") of the Company. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. Mr. Alan Mung has extensive working experience in investment and asset management. Mr. Alan Mung was appointed as an executive director of Global Mastermind Capital Limited ("GMCL") (formerly known as Mastermind Capital Limited, Stock Code: 905), a company whose shares are listed on the Main Board of the Stock Exchange, from 12 November 2010 to 3 April 2013. He has been re-appointed as executive director of GMCL since 31 March 2014 and has been appointed as its chief executive officer of GMCL on 9 February 2015. He was an executive director of Bestway International Holdings Limited (Stock Code: 718) for the period from 22 October 2013 to 29 June 2015. He was an executive director of HNA International Investment Holdings Limited (formerly known as Shougang Concord Technology Holdings Limited, Stock Code: 521) for the period from 24 October 2013 to 6 February 2015. Save as disclosed above, Mr. Alan Mung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Alan Mung has not entered into any service contract with the Company or its subsidiaries. There is no agreement between the Company or its subsidiaries and Mr. Alan Mung in respect of the proposed length of service or prior notice to be given by either party for termination of service with regard to his engagement as an executive Director. He is subject to retirement by rotation at least once every three years and in accordance with the articles of association of the Company. Mr. Alan Mung is entitled to a director's fee of HK$60,000 per annum which is determined by the Board with reference to his duties and responsibilities and prevailing market condition and the recommendation from the Remuneration Committee.

Mr. Alan Mung is the son of Mr. Mung Kin Keung, an executive Director of the Company. Save as disclosed above, Mr. Alan Mung does not have any relationships with any Directors, senior management or substantial or controlling shareholder (as respectively defined in the GEM Listing Rules) of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Tse Ke Li ("Mr. Tse"), aged 59, was appointed as an executive Director on 26 October 2007. He is also a director of several subsidiaries of the Company. Mr. Tse has over 11 years' business management experience in a food and beverage company in Canada and investment experience in automobile trading in Canada. He also has several years' experience in property investment and trading. He specializes in marketing and business development. Mr. Tse did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Tse has not entered into any service contract with the Company or its subsidiaries. There is no agreement between the Company or its subsidiaries and Mr. Tse in respect of the proposed length of service or prior notice to be given by either party for termination of service with regard to his engagement as an executive Director. He is subject to retirement by rotation at least once every three years and in accordance with the articles of association of the Company. Mr. Tse is entitled to a director's fee of HK$360,000 per annum which is determined with reference to the recommendation of the Remuneration Committee and the prevailing market conditions. He is also entitled to any discretionary bonus which shall be determined by reference to comments of the Remuneration Committee. He does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as respectively defined in the GEM Listing Rules) of the Company. He is interested in 1,150,000 Shares within the meaning of Part XV of the SFO.

Mr. Leung Wai Man ("Mr. Leung"), aged 46, was appointed as an executive Director on 17 October 2014. He is also a director of a subsidiary of the Group. Mr. Leung has over 20 years of experience in company secretarial, accounting and financial management. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and Hong Kong Institute of Certified Public Accountants. Mr. Leung was an executive director, of Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited, Stock Code: 8172), the shares of which are listed on the GEM of the Stock Exchange for the period from 25 May 2012 to 30 June 2015. Save as disclosed above, Mr. Leung did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Leung has not entered into any service contract with the Company. There is no agreement between the Company and Mr. Leung in respect of the proposed length of service or prior notice to be given by either party for termination of service with regard to his engagement as an executive Director. He is subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board with reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. Mr. Leung does not have any relationship with any Directors, senior management or substantial or controlling shareholder (as respectively defined in the GEM Listing Rules) of the Company and he does not have any interests in the Shares within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Kwok Ho, Kenward ("Mr. Law"), aged 43, has been appointed as an independent non-executive Director and the chairman of the Audit Committee and a member of the Remuneration Committee on 11 December 2015. Mr. Law graduated from University of New South Wales, Australia with a Bachelor of Commerce in Accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Law has experiences in auditing, taxation and finance for over 16 years. Mr. Law is presently the general manager of a consultancy company in Hong Kong. Mr. Law did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Law has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement at the next following general meeting of the Company after their appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to their duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as respectively defined in the GEM Listing Rules) of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Tsai Yung Chieh, David ("Mr. Tsai"), aged 48, has been appointed as an independent non-executive Director and the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 11 December 2015. He graduated from University of Hong Kong with a LLB Degree. He is a practicing solicitor in Hong Kong since 2001 and is presently a partner of a firm of solicitors in Hong Kong. Mr. Tsai did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Tsai has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement at the next following general meeting of the Company after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as respectively defined in the GEM Listing Rules) of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Fung Wai Ching ("Mr. Fung"), aged 46, was appointed as an independent non-executive Director on 23 June 2014. He is also the Chairman of Nomination Committee and a member of each of the Audit Committee, Remuneration Committee and Corporate Governance Committee. Mr. Fung is presently an owner of a printing company in Hong Kong. He has over 18 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung has been appointed as an independent non-executive director of Global Mastermind Capital Limited (formerly known as Mastermind Capital Limited) (Stock Code: 905), a company whose shares are listed on the Main Board of the Stock Exchange, since 10 October 2014. He was also an independent non-executive director of Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited, Stock Code: 8172), a company whose shares are listed on the GEM for the period from 25 May 2012 to 30 June 2015. Save as aforesaid, Mr. Fung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Fung has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationships with any Directors, senior management or substantial or controlling shareholder (as respectively defined in the GEM Listing Rules) of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Corporate Governance Report

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

During the year ended 31 December 2015, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

- Code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed chairman and chief executive officer, and the roles and functions of the chairman and chief executive officer have been performed by the four executive Directors collectively.

- Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "Articles").

- Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statue and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

- Code provision E.1.2 of the CG Code provides that chairman of the board should attend the annual general meeting and he should invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend. During the year, the annual general meeting of the Company held on 5 June 2015 (the "2015 AGM"), although the Company has not appointed chairman of the Company, all the then Directors attended the 2015 AGM except Mr. Mung Kin Keung did not attend the 2015 AGM due to his other business engagement.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the year ended 31 December 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules during the year ended 31 December 2015.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, quarterly, interim and annual results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The executive Board and senior management were delegated with the authority and responsibility by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of the following seven Directors:

Executive Directors

Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li
Mr. Leung Wai Man

Independent Non-executive Directors

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

Mr. Mung Kin Keung (an executive Director) is the father of Mr. Mung Bun Man, Alan (an executive Director). Save as disclosed above, there are no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the necessary of balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 18 to 21 herein under the section headed "Biographies of Directors".

Independent Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting and appropriate expertise. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers these Directors are independent under Rule 5.09 of the GEM Listing Rules.

The independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the annual general meeting in accordance with the Articles.

Chairman and Chief Executive Officer

The Company has not appointed chairman and chief executive officer, and the roles and functions of the chairman and chief executive officer have been performed by the four executive Directors collectively.

The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Board Diversity Policy

The Board has adopted on 14 August 2013 a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

The Board delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will review and adopt the above measurements when it reviewed the composition of the Board. After assessing the suitability of the Directors' skills and experience to the Company's business, the Nomination Committee considered that the existing Board was appropriately structured.

Directors' Training

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2015 to the Company. The Company has also continuously updated Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received for the year ended 31 December 2015 is set out below:

Name of Director	**Reading materials relating to rules and regulations and discharge of directors' duties and responsibilities**
Mr. Mung Kin Keung	4
Mr. Mung Bun Man, Alan	4
Mr. Tse Ke Li	4
Mr. Leung Wai Man	4
Mr. Tsai Yung Chieh, David	4
Mr. Law Kwok Ho, Kenward	4
Mr. Fung Wai Ching	4

Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings are held as and when required. The four scheduled Board meetings for a year are planned in advance. During regular meetings of the Board, the Directors review the operation and financial performances, and review and approve the annual, interim and quarterly results.

During the year ended 31 December 2015, the Board held 15 meetings. All Directors are given an opportunity to include any matter in the agenda for regular Board meetings and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director		**Number of meetings attended**
Executive Directors:		
Mr. Mung Kin Keung		11/15
Mr. Mung Bun Man, Alan		15/15
Mr. Tse Ke Li		10/15
Mr. Leung Wai Man		14/15
Independent non-executive Directors:		
Mr. Fung Wai Ching		14/15
Mr. Tsai Yung Chieh, David	(Appointed on 11 December 2015) (note 1)	1/1
Mr. Law Kwok Ho, Kenward	(Appointed on 11 December 2015) (note 1)	1/1
Mr. Chan Wai Man	(Resigned on 11 December 2015) (note 2)	6/14
Ms. Chan Ho Bun, Steve	(Resigned on 11 December 2015) (note 2)	7/14

Notes:

1. Mr. Tsai Yung Chieh, David and Mr. Law Kwok Ho, Kenward were appointed on 11 December 2015. Their attendance above was stated by reference to the number of Board meetings held during their tenure.

2. Mr. Chan Wai Man and Mr. Chan Ho Bun, Steve resigned with effect from the conclusion of the Board Meeting on 11 December 2015. Their attendance above was stated by reference to the number of Board meetings held during their tenure.

Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advices and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

General Meeting

During the year ended 31 December 2015, 2 general meetings of the Company were held, being the 2015 AGM held on 5 June 2015 and an extraordinary general meeting (the "EGM") held on 23 November 2015.

Name of Director		**Number of attendance**	
		2015 AGM	**EGM**
Executive Directors:			
Mr. Mung Kin Keung		0/1	0/1
Mr. Mung Bun Man, Alan		1/1	1/1
Mr. Tse Ke Li		1/1	0/1
Mr. Leung Wai Man		1/1	1/1
Independent Non-executive Directors:			
Mr. Fung Wai Ching		1/1	1/1
Mr. Tsai Yung Chieh, David	(Appointed on 11 December 2015)	N/A	N/A
Mr. Law Kwok Ho, Kenward	(Appointed on 11 December 2015)	N/A	N/A
Mr. Chan Wai Man	(Resigned on 11 December 2015)	1/1	0/1
Ms. Chan Ho Bun, Steve	(Resigned on 11 December 2015)	1/1	0/1

The Board is responsible for maintaining an on-going dialogue with Shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. Both Mr. Chan Wai Man (the then chairman of the Audit Committee and the Remuneration Committee) and Mr. Fung Wai Ching (the chairman of the Nomination Committee) attended the 2015 AGM to answer questions and collect views of Shareholders.

EXECUTIVE BOARD

The Company established an Executive Board on 20 January 2006 which consists of the executive Directors, currently being Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan, Mr. Tse Ke Li and Mr. Leung Wai Man. The Executive Board is delegated with authority to handle and/or monitor the management functions and operation of the day-to-day business of the Group.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 5 January 2012 which currently consists of two independent non-executive Directors, namely Mr. Fung Wai Ching (as chairman) and Mr. Tsai Yung Chieh, David, and an executive Director, namely Mr. Mung Bun Man, Alan, with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Nomination Committee is currently made available on the GEM website and the Company's website.

The functions of the Nomination Committee are to review and monitor the structure, size and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

In 2015, the Nomination Committee held 2 meetings mainly reviewing the composition of the Board, assessing the independence of the independent non-executive Directors and the Directors to be re-elected at the 2015 AGM before putting forth for discussion and approval by the Board, and making their recommendations to the Board on the appointment of Directors. The attendance is as follows:

Name of member		**Number of meeting attended**
Mr. Fung Wai Ching *(chairman)*		2/2
Mr. Mung Bun Man, Alan		2/2
Mr. Tsai Yung Chieh, David	(note 1)	N/A
Ms. Chan Wai Man	(note 2)	1/2

Notes:

1. Mr. Tsai Yung Chieh, David was appointed as a member of the Nomination Committee on 11 December 2015. No Nomination Committee meeting was held after his appointment.

2. Consequent to the resignation of Mr. Chan Wai Man as an independent non-executive Director with effect from the conclusion of the Board meeting held on 11 December 2015, he has ceased to be a member of the Nomination Committee. His attendance above was stated by reference to the number of Nomination Committee meetings held during his tenure.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 20 January 2006 which currently consists of three independent non-executive Directors, namely Mr. Tsai Yung Chieh, David (as chairman), Mr. Law Kwok Ho, Kenward and Mr. Fung Wai Ching, and one executive Director, namely Mr. Mung Bun Man, Alan with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Remuneration Committee is currently made available on the GEM website and the Company's website.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and to make recommendations to the Board on the remuneration of independent non-executive Directors.

During the year ended 31 December 2015, the Remuneration Committee held 2 meetings for reviewing the remuneration packages of the Directors and senior management and making their recommendations to the Board on the remuneration packages of the Directors.

Name of member		**Number of meeting attended**
Mr. Tsai Yung Chieh, David *(chairman)*	(note 1)	N/A
Mr. Law Kwok Ho, Kenward	(note 1)	N/A
Mr. Fung Wai Ching		2/2
Mr. Mung Bun Man, Alan		2/2
Mr. Chan Wai Man	(note 2)	1/2
Mr. Chan Ho Bun, Steve	(note 3)	1/2

Notes:

1. Mr. Tsai Yung Chieh, David and Mr. Law Kwok Ho, Kenward were appointed as the chairman and a member of the Remuneration Committee respectively on 11 December 2015. No Remuneration Committee meeting was held after their appointments.

2. Consequent to the resignation of Mr. Chan Wai Man as an independent non-executive Director with effect from the conclusion of the Board meeting held on 11 December 2015, he has ceased to be the chairman of the Remuneration Committee. His attendance above was stated by reference to the number of Remuneration Committee meetings held during his tenure.

3. Consequent to the resignation of Mr. Chan Ho Bun, Steve as an independent non-executive Director with effect from the conclusion of the Board meeting held on 11 December 2015, he has ceased to be a member of the Remuneration Committee. His attendance above was stated by reference to the number of Remuneration Committee meetings held during his tenure.

The Company adopted the Option Scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011. The purpose of the Option Scheme is to enable the Board, at its discretion, to grant options to any eligible participants who include Directors and employees as incentives or rewards for their contribution to the Group. Details of the Option Scheme are set out in the Directors' Report and note 27 to the consolidated financial statements.

The emoluments payable to Directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in notes 11 and 12 to the consolidated financial statements.

AUDITOR'S REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by the Company's auditor, Deloitte Touche Tohmatsu, is set out below:

Services rendered	**Fee paid/payable** HK$'000
Audit services	1,100
Non-audit services	
– Review of interim and quarterly financial information	956

AUDIT COMMITTEE

The Company established the Audit Committee on 19 October 2000 which currently consists of three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

The terms of reference of the Audit Committee is currently made available on the GEM website and the Company's website.

The Audit Committee shall meet not less than four times a year. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor reviewing the quarterly, interim and annual reports and financial statements of the Group; and overseeing the Group's financial reporting system and internal control procedures.

During the financial year ended 31 December 2015, the Audit Committee held 4 meetings.

Name of member		Number of meeting attended
Mr. Law Kwok Ho, Kenward *(chairman)*	(note 1)	N/A
Mr. Tsai Yung Chieh, David	(note 1)	N/A
Mr. Fung Wai Ching		4/4
Mr. Chan Wai Man	(note 2)	4/4
Mr. Chan Ho Bun, Steve	(note 3)	4/4

Notes:

1. Mr. Law Kwok Ho, Kenward and Mr. Tsai Yung Chieh, David were appointed as the chairman and a member of the Audit Committee on 11 December 2015 respectively. No Audit Committee meeting was held after their appointment.

2. Consequent to the resignation of Mr. Chan Wai Man as an independent non-executive Director on 11 December 2015, he has ceased to be the chairman of the Audit Committee. His attendance above was stated by reference to the number of Audit Committee meeting held during his tenure.

3. Consequent to the resignation of Mr. Chan Ho Bun, Steve as an independent non-executive Director on 11 December 2015, he has ceased to be a member of the Audit Committee. His attendance above was stated by reference to the number of Audit Committee meetings held during his tenure.

During the year ended 31 December 2015, the Audit Committee reviewed the first quarterly, interim, third quarterly and annual results of the Group together with the auditor of the Company; which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the GEM Listing Rules.

The Audit Committee noted the existing internal control system of the Group and also noted that review of the same will be carried out annually.

CORPORATE GOVERNANCE COMMITTEE

The Company established the Corporate Governance Committee, with written terms of reference in compliance with the GEM Listing Rules, on 21 March 2012. Currently, the Corporate Governance Committee comprises one executive Director, namely Mr. Mung Bun Man, Alan (as chairman), one independent non-executive Director, namely Mr. Fung Wai Ching and the Company Secretary of the Company, Mr. Lee Chan Wah.

The functions of the Corporate Governance Committee are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements and make recommendations to the Board; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors, and to review the Company's disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2015, the Corporate Governance Committee held 1 meeting to review the training and continuous professional development of Directors and to review the Company's compliance with the CG Code.

Name of member		Number of meeting attended
Mr. Mung Bun Man, Alan *(chairman)*		1/1
Mr. Fung Wai Ching	(note 1)	1/1
Mr. Lee Chan Wah	(note 2)	N/A
Mr. Tse Kam Fai	(note 3)	1/1

Notes:

1. Mr. Fung Wai Ching was appointed as a member of the CG Committee on 5 March 2015. His attendance above was stated by reference to the number of CG Committee meeting held during his tenure.

2. Mr. Lee Chan Wah was appointed as a member of the CG Committee on 30 September 2015. No meeting was held during his tenure.

3. Mr. Tse Kam Fai ceased to be a member of the CG Committee on 30 September 2015. His attendance above was stated by reference to the number of CG Committee meeting held during his tenure.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance and the implementation of the CG Code. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group affairs. Mr. Lee Chan Wah ("Mr. Lee"), was appointed as the Company Secretary of the Company with effect from 30 September 2015.

The Company Secretary has confirmed that he has no less than 15 hours of relevant professional training during the year.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with all shareholders. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The chairman of the 2015 AGM proposes separate resolutions for each issue to be considered. Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee and the external auditor also attend the 2015 AGM to answer questions from the Shareholders. The annual report together with the annual general meeting circular are distributed to all the Shareholders at least 20 clear business days before the annual general meeting.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Shareholders to convene an extraordinary general meeting

Shareholders may convene an extraordinary general meeting of the Company according to the provisions as set out in the Articles and The Companies Law (2013 Revision) of the Cayman Islands. The procedures Shareholders can use to convene an extraordinary general meeting are set out in the document entitled "Procedures for a Shareholder to Propose a Person for Election as a Director", which is currently available on the Company's website.

Putting enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals by shareholders at shareholders' meeting

Shareholders should follow the procedures set out in the sub-section headed "Shareholders to convene an extraordinary general meeting" above for putting forward proposals for discussion at general meeting.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the forthcoming annual general meeting (the "2016 AGM") will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- delivery of the quarterly, interim and annual reports to all Shareholders;

- publication of announcements on the quarterly, interim and annual results on the GEM website and the Company's website, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the GEM Listing Rules; and

- the general meeting of the Company is also an effective communication channel between the Board and the Shareholders.

No changes in the Company's constitutional documents during the year.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. 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.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a proper and effective system of internal control of the Group. The internal control system includes the safeguard of the interest of Shareholders and the Group's assets. The Board has delegated to management the implementation of all relevant financial, operational, compliance controls and risk management function within a defined framework. During the year ended 31 December 2015, the Board has appointed independent professional firms to conduct a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group's business, can be found in the Management Discussion and Analysis set out on pages 13 to 17 of this report. This discussion forms part of this director's report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 41.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: Nil).

PROPERTY, PLANT AND EQUIPMENT

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 December 2015 were as follows:

	2015 **HK$'000**	2014 HK$'000
Share premium	**582,584**	582,584
Distributable reserve	**32,589**	32,589
Accumulated losses	**(289,140)**	(114,374)
	326,033	500,799

Under The Companies Law (2013 Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and the Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the last five financial years and its consolidated assets and liabilities as at the end of the last five financial years is set out on page 4.

BANK BORROWINGS

Details of bank borrowings for the year ended 31 December 2015 are set out in note 24 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

DIRECTORS

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

Executive Directors:

Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li
Mr. Leung Wai Man

Independent Non-executive Directors:

Mr. Tsai Yung Chieh, David	(Appointed on 11 December 2015)
Mr. Law Kwok Ho, Kenward	(Appointed on 11 December 2015)
Mr. Fung Wai Ching	
Mr. Chan Wai Man	(Resigned on 11 December 2015)
Mr. Chan Ho Bun, Steve	(Resigned on 11 December 2015)

Mr. Tsai Yung Chieh, David ("Mr. Tsai") and Mr. Law Kwok Ho, Kenward ("Mr. Law") were appointed as independent non-executive Directors with effect from 11 December 2015. In accordance with Article 86(3) of the articles of association ("Articles"), any Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and be subject to re-election at such meeting. In this connection, each of Mr. Tsai and Mr. Law retired and was re-elected by the Shareholders as an independent non-executive Director at the extraordinary general meeting held on 15 January 2016.

In accordance with Article 87(1) of the Articles, Mr. Mung Bun Man, Alan, Mr. Tse Ke Li and Mr. Fung Wai Ching shall retire by rotation and, being eligible, offer themselves for re-election at the 2016 AGM.

There is no specific length of the term of office for each of the independent non-executive Directors but they are subject to retirement by rotation at least once every three years in accordance with the Articles.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at 2016 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all the independent non-executive Directors are independent.

SHARE OPTIONS

Pursuant to a special resolution passed at the annual general meeting held on 19 May 2011, a new share option scheme ("**Option Scheme**") was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group's operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021.

The total number of shares in respect of which options may be granted under the Option Scheme is not permitted to exceed 10% of the shares of the Company in issue, or if such 10% limit is refreshed, the maximum aggregate number of shares which may be issued upon the exercise of all outstanding options grant and yet to be exercised under the Option Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by the independent non-executive Directors of the Company. Where any grant of options to a substantial shareholder or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of HK$5,000,000 and representing in aggregate over 0.1% of the shares of the Company in issue in the 12 month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

A consideration of HK$1.00 shall be paid to the Company upon acceptance of the grant. Options may be exercised in accordance with the terms of the Option Scheme at any time during a period to be determined and notified by the directors of the Company, which shall not exceed the period of 10 years from the date of grant of the option but subject to the provisions for early termination thereof. The subscription price is determined by the directors of the Company, and will not be less than the higher of closing price of the Company's shares on the date of grant, or the average closing price of the shares for the five business days immediately preceding the date of grant.

Details of the Option Scheme were set out in the circular of the Company dated 30 March 2011. No options were granted under the Option Scheme since its adoption, and there was no outstanding options as at 31 December 2015 and 31 December 2014.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Interests and short positions in the shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ short position	Number of ordinary shares/ underlying shares held	Approximate percentage of the issued ordinary share capital of the Company
Mr. Tse Ke Li	Beneficial owner	Long position	1,150,000	0.15

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 31 December 2015.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements 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.

DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

On 1 October 2014, Bestway International Holdings Limited ("Bestway"), of which Mr. Mung Bun Man, Alan is a director and shareholder, and Mr. Mung Kin Keung is a director, entered into an agreement with the Company whereby the Company provide management and administrative services to Bestway. The agreement was terminated on 5 June 2015. For the year ended 31 December 2015, the Company received management and administrative income in an aggregate amount of HK$155,000 (31 December 2014: HK$90,000) from Bestway.

On 16 February 2015, Global Mastermind Capital Limited ("GMCL") (formerly known as Mastermind Capital Limited), of which Mr. Mung Kin Keung is a director and shareholder, and Mr. Mung Bun Man, Alan is a director, entered into an agreement with the Company whereby the Company provide management and administrative services to GMCL. For the year ended 31 December 2015, the Company received management and administrative income in an aggregate amount of HK$910,000 (31 December 2014: HK$Nil) from GMCL. Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan ceased as the substantial shareholder of the Company with effect from 2 June 2015.

Save as disclosed above, no other contract of significance, to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

Neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which causes or may cause significant competition with the business of the Group.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/ OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31 December 2015, the register of substantial shareholders/other persons maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests in the issued share capital of the Company:

Long positions in the ordinary shares of the Company

Name of shareholder	Capacity/ Nature of interests	Long position/ short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Charm City Developments Limited (Note)	Beneficial owner	Long position	153,936,000	20.13
Ms. Wang Chao Julia (Note)	Interest of controlled corporation	Long position	153,936,000	20.13

Note: These shares are held by Charm City Developments Limited, which is wholly owned by Ms. Wang Chao Julia, who is deemed to be interested in all the shares in which Charm City Developments Limited is interested by virtue of the SFO.

Other than as disclosed above, the Company has not been notified of any interests in the Company's issued shares as at 31 December 2015 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Save as disclosed above, as at 31 December 2015 and to the best knowledge of the Directors, there was no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2015.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 22 to 32 of this report.

CHANGE OF COMPANY SECRETARY

On 30 September 2015, Mr. Tse Kam Fai resigned and Mr. Lee Chan Wah was appointed as the company secretary of the Company.

AUDITOR

A resolution will be submitted to the 2016 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

APPRECIATION

We would like to take this opportunity to thank the management and staff members of the Group for their hard work and valuable contributions to the Group in the past year. We would also like to thank our shareholders for their continuous support to the Group. The Group will keep on doing its best with an aim to provide good return to Shareholders.

On behalf of the Board
Mung Bun Man, Alan
Executive Director

23 March 2016

Deloitte.
德勤

TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(FORMERLY KNOWN AS WELL WAY GROUP LIMITED 和滙集團有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 98, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

* *For identification purpose only*

TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(FORMERLY KNOWN AS WELL WAY GROUP LIMITED 和滙集團有限公司)
(incorporated in the Cayman Islands with limited liability)

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2016

* *For identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue and income			
Service income from provision of travel and related products and services		**41,243**	47,320
Sale of hotel rooms		**15,498**	1,649
Fair value changes on investment securities	5	**–**	–
Total revenue and income		**56,741**	48,969
Cost of revenue and income			
Costs of sale of hotel rooms		**(14,075)**	(1,500)
Fair value changes on investment securities	5	**(2,606)**	(852)
Total cost of revenue and income		**(16,681)**	(2,352)
Other income		**7,624**	8,725
Gain on disposal of investments	7	**–**	12,309
Staff costs		**(41,121)**	(37,680)
Depreciation and amortisation expenses		**(10,079)**	(11,227)
Impairment loss on goodwill	17	**–**	(8,393)
Impairment loss on intangible assets	18	**(21,000)**	–
Impairment loss on available-for-sale investments		**(88,200)**	–
Other expenses		**(19,954)**	(18,092)
Finance costs	8	**(737)**	(73)
Share of profit of a joint venture		**1,853**	2,071
Loss before tax		**(131,554)**	(5,743)
Income tax credit	9	**5,372**	208
Loss for the year	10	**(126,182)**	(5,535)
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operation		**(14,375)**	(9,144)
Share of exchange difference of a joint venture		**(3,376)**	(95)
Fair value (loss) gain on available-for-sale investments		**(155,700)**	67,500
Reclassification adjustment upon impairment on available-for-sale investments		**88,200**	–
Total comprehensive (expense) income for the year		**(211,433)**	52,726
Loss for the year attributable to owners of the Company		**(126,182)**	(5,535)
Total comprehensive (expense) income attributable to owners of the Company		**(211,433)**	52,726
Loss per share (HK cents)	14		
Basic and diluted		**(16.50)**	(2.01)

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**3,181**	4,863
Available-for-sale investments	16	**46,800**	202,500
Goodwill	17	**–**	–
Intangible assets	18	**48,166**	82,705
Interest in a joint venture	19	**15,553**	17,076
		113,700	307,144
Current assets			
Trade and other receivables	20	**164,205**	156,846
Financial assets at fair value through profit or loss	21	**27,078**	–
Pledged bank deposits	22	**20,162**	41,109
Bank balances and cash	22	**112,724**	148,784
		324,169	346,739
Current liabilities			
Trade and other payables	23	**52,735**	57,989
Tax payable		**474**	2,185
Bank borrowings	24	**19,046**	10,787
		72,255	70,961
Net current assets		**251,914**	275,778
Total assets less current liabilities		**365,614**	582,922
Non-current liabilities			
Deferred tax liabilities	25	**8,183**	14,058
		357,431	568,864
Capital and reserves			
Share capital	26	**7,646**	7,646
Share premium and reserves		**349,785**	561,218
		357,431	568,864

The consolidated financial statements on pages 41 to 98 were approved and authorised for issue by the board of directors on 23 March 2016 and are signed on its behalf by:

Mung Kin Keung
DIRECTOR

Mung Bun Man, Alan
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK$'000	Share premium HK$'000	Distributable reserve HK$'000 (Note 1)	Merger reserve HK$'000 (Note 2)	Share option reserve HK$'000	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	1,249	349,134	32,589	5,000	852	–	(1,453)	(111,080)	276,291
Loss for the year	–	–	–	–	–	–	–	(5,535)	(5,535)
Exchange differences arising on translation of foreign operation	–	–	–	–	–	–	(9,144)	–	(9,144)
Share of exchange difference of a joint venture	–	–	–	–	–	–	(95)	–	(95)
Fair value gain on available-for-sale investments	–	–	–	–	–	67,500	–	–	67,500
Total comprehensive income (expense) for the year	–	–	–	–	–	67,500	(9,239)	(5,535)	52,726
Issue of shares (note 26)	6,397	243,462	–	–	–	–	–	–	249,859
Transaction costs attributable to the issue of shares (note 26)	–	(10,012)	–	–	–	–	–	–	(10,012)
Lapsed of share options (note 27)	–	–	–	–	(852)	–	–	852	–
At 31 December 2014	7,646	582,584	32,589	5,000	–	67,500	(10,692)	(115,763)	568,864
Loss for the year	–	–	–	–	–	–	–	(126,182)	(126,182)
Exchange differences arising on translation of foreign operation	–	–	–	–	–	–	(14,375)	–	(14,375)
Share of exchange difference of a joint venture	–	–	–	–	–	–	(3,376)	–	(3,376)
Fair value loss on available-for-sale investments (note 16)	–	–	–	–	–	(155,700)	–	–	(155,700)
Reclassification adjustment upon impairment on available-for-sale investments (note 16)	–	–	–	–	–	88,200	–	–	88,200
Total comprehensive expense for the year	–	–	–	–	–	(67,500)	(17,751)	(126,182)	(211,433)
Released upon deregistration of a subsidiary	–	–	–	(5,000)	–	–	–	5,000	–
At 31 December 2015	7,646	582,584	32,589	–	–	–	(28,443)	(236,945)	357,431

Notes:

(1) The distributable reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

(2) The merger reserve represented the difference between the net worth of the subsidiaries acquired and the value of the consideration shares pursuant to the group reorganisation completed on 31 March 2000.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Loss before tax	(131,554)	(5,743)
Adjustments for:		
Depreciation of property, plant and equipment	1,809	2,489
Amortisation of intangible assets	8,270	8,738
Interest income	(2,116)	(2,855)
Interest expense	737	73
Share of profit of a joint venture	(1,853)	(2,071)
Impairment loss on goodwill	–	8,393
Impairment loss on intangible assets	21,000	–
Impairment loss on available-for-sale investments	88,200	–
Fair value changes on investment securities	2,606	–
Dividend income	–	(147)
Loss on disposal of property, plant and equipment	–	3
Gain on disposal of available-of-sale investments	–	(12,309)
Operating cash flows before movements in working capital	(12,901)	(3,429)
Increase in trade and other receivables	(20,314)	(25,009)
Increase in financial assets at fair value through profit or loss	(29,684)	–
Decrease in trade and other payables	(1,109)	(2,475)
Cash used in operating activities	(64,008)	(30,913)
Income tax paid	(1,225)	(1,286)
NET CASH USED IN OPERATING ACTIVITIES	(65,233)	(32,199)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(376)	(379)
Interest received	2,116	2,855
Withdrawal (placement) of pledged bank deposits	20,947	(41,109)
Purchase of available-for-sale investments	–	(135,000)
Proceeds from sale of available-for-sale investments	–	136
Proceeds from sale of other asset	–	8,564
Dividend received	–	147
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	22,687	(164,786)
FINANCING ACTIVITIES		
New bank borrowings raised	19,046	–
(Repayment) advances drawn on trade receivables with full recourse	(10,787)	10,787
Proceeds from issue of shares	–	249,859
Transaction costs attributable to the issue of shares	–	(10,012)
Interest paid	(737)	(73)
NET CASH GENERATED FROM FINANCING ACTIVITIES	7,522	250,561
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(35,024)	53,576
CASH AND CASH EQUIVALENTS AT 1 JANUARY	148,784	95,705
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,036)	(497)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash	112,724	148,784

1. GENERAL

Global Mastermind Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 1611, 16/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

Pursuant to a special resolution passed by the shareholders of the Company on 23 November 2015, the Company's name was changed from "Well Way Group Limited" to "Global Mastermind Holdings Limited" with effect from 24 November 2015.

The principal activities of the Company and its subsidiaries (the "Group") are the provision and operation of travel business and treasury management.

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

During the year ended 31 December 2015, the Directors performed a review of the content and presentation of the consolidated financial statements and considered that it is more appropriate to begin with components on revenue and income and cost of revenue and income, which would be more relevant to the understanding of users of the Group's consolidated financial statements.

Consequently, the presentation of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 has been revised and the comparatives have been revised in order to conform with the presentation adopted in the consolidated financial statements. The changes in presentation of the consolidated statement of profit or loss and other comprehensive income do not have any impact on the Group's loss for the period or the calculation of the Group's loss per share.

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

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

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

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

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

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[2]
Amendments to HKAS 27	Equity method in separate financial statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[2]

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

HKFRS 9 Financial instruments

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

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

HKFRS 9 Financial instruments *(Continued)*

Key requirements of HKFRS 9 are described below:

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

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

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

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

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

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

HKFRS 15 Revenue from contracts with customers

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

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

The directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

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

Goodwill

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in a joint venture *(Continued)*

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

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

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Services income

Revenue from travel and other travel related services is recognised when the services are rendered.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

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

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

Leasing

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

The Group as lessee

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

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

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

Current tax

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

Deferred tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

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

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

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

Current and deferred tax for the year

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

Financial instruments

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

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

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

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

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

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial asset, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

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

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

When an available-for-sale asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities of the Group include trade and other payables and bank borrowings, which are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash generating units to which intangible assets has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of intangible assets is approximately HK$48,166,000 (net of accumulated impairment losses of HK$21,000,000) (2014: HK$82,705,000 (net of accumulated impairment losses of Nil)).

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade receivables is approximately HK$136,695,000 (31 December 2014: carrying amount of trade receivables and trade receivables discounted with full resources are approximately HK$126,453,000 and HK$10,787,000 respectively).

5. REVENUE AND INCOME/COST OF REVENUE AND INCOME

An analysis of the net fair value changes on investment securities for the year is as follows:

	2015 HK$'000	2014 HK$'000
Realised gain (loss) on financial assets at fair value through profit or loss		
Proceeds from sale of financial assets at fair value through profit or loss	11,373	29,531
Carrying amount of financial assets at fair value through profit or loss plus transaction costs	(11,274)	(30,034)
	99	(503)
Unrealised loss on financial assets at fair value through profit or loss	(2,705)	(349)
	(2,606)	(852)

6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purposes of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

The Group's operations are currently organised into two (2014: two) reporting and operating segments under HKFRS 8, namely travel business and treasury management.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Segment revenue		Segment (losses) profits	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Travel business	56,741	48,969	(24,212)	(5,934)
Treasury management	–	–	(90,812)	140
Precious metals trading (Note)	–	–	–	12,316
Total	56,741	48,969	(115,024)	6,522
Share of profit of a joint venture			1,853	2,071
Unallocated income			1,346	8
Unallocated expense			(14,357)	(14,136)
Loss for the year			(126,182)	(5,535)

Note: The segment profit from precious metals trading is mainly arising from the gain from disposal of investments (details set out in note 7) in 2014.

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

All of the segment revenue reported above are from external customers.

Segment (losses) profits represents the (losses) profits (incurred) earned by each segment without allocation of unallocated income (which mainly includes bank interest income of head office), unallocated expenses (which mainly include central administration costs and directors' salaries). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2015 **HK$'000**	2014 HK$'000
Segment assets		
Travel business	**253,929**	294,900
Treasury management	**74,067**	202,500
Total segment assets	**327,996**	497,400
Interest in a joint venture	**15,553**	17,076
Unallocated bank balances	**92,627**	135,789
Unallocated assets	**1,693**	3,618
Consolidated assets	**437,869**	653,883
Segment liabilities		
Travel business	**74,943**	79,994
Total segment liabilities	**74,943**	79,994
Unallocated liabilities	**5,495**	5,025
Consolidated liabilities	**80,438**	85,019

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

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, certain deposits and prepayments and certain bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain accruals and other payables.

6. SEGMENT INFORMATION *(Continued)*

Other information

Amounts included in the measure of segment results and segment assets:

	Travel business HK$'000	Treasury management HK$'000	Precious metal trading HK$'000
For the year ended 31 December 2015			
Additions to non-current assets (Note)	**197**	**–**	**–**
Depreciation for property, plant and equipment	**1,234**	**–**	**–**
Impairment loss on intangible assets	**21,000**	**–**	**–**
Amortisation of intangible assets	**8,270**	**–**	**–**
Impairment loss on available-for-sale investments	**–**	**88,200**	**–**
Interest income	**1,834**	**–**	**–**
Finance costs	**737**	**–**	**–**
For the year ended 31 December 2014			
Additions to non-current assets (Note)	372	135,000	–
Depreciation for property, plant and equipment	1,951	–	–
Impairment loss on goodwill	8,393	–	–
Amortisation of intangible assets	8,738	–	–
Interest income	2,847	–	–
Finance costs	73	–	–
Dividend income	–	140	7

Note: Additions to non-current assets represent the additions to property, plant and equipment and available-for-sale investments.

Geographic information

The Group operates in three principal geographical areas – Singapore, Hong Kong and Malaysia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of the assets are detailed below:

	Revenue from external customers		Non-current assets (Note)	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Singapore	**40,919**	47,320	**51,117**	86,942
Hong Kong	**15,822**	1,649	**230**	626
Malaysia	**–**	–	**15,553**	17,076
	56,741	48,969	**66,900**	104,644

Note: Non-current assets excluded available-for-sale investments.

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

No revenue from customers contributes over 10% of the total sales of the Group for any of the two years ended 31 December 2015 and 2014.

7. GAIN ON DISPOSAL OF INVESTMENTS

On 15 November 2013, the Company, through its wholly-owned subsidiary, Wing Shing Loong Goldsmith & Refinery Co. Limited, entered into a conditional sale and purchase agreement with an independent third party to dispose of the unlisted equity shares of Hong Kong Precious Metals Exchange Limited and the membership licence of The Chinese Gold & Silver Exchange Society (the "Society") at a total consideration of HK$12,700,000 subject to the approval by the Society. The assets being disposed amounted to HK$391,000 (mainly including available-for-sale investments of HK$136,000 and other non-current asset of HK$250,000 which was classified as an asset held for sale as at 31 December 2013). The disposal transaction was completed on 18 February 2014 after obtaining the necessary approval, and a gain on disposal of HK$12,309,000 resulted and recognised in profit or loss during the year ended 31 December 2014.

8. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Interest on advances drawn on trade receivables discounted with full recourse (note 24)	**352**	73
Interest on short term bank borrowings (note 24)	**385**	–
	737	73

9. INCOME TAX CREDIT

	2015	2014
	HK$'000	HK$'000
The tax (credit) charge comprises:		
Singapore Corporate Income Tax	**–**	1,745
Overprovision in prior year	**(396)**	(468)
	(396)	1,277
Deferred taxation – current year (note 25)	**(4,976)**	(1,485)
	(5,372)	(208)

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore.

9. INCOME TAX CREDIT *(Continued)*

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as either the Company and its subsidiaries incurred tax losses or the estimated assessable profit of the Group is wholly absorbed by tax losses brought forward from prior years.

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

	2015 **HK$'000**	2014 HK$'000
Loss before tax	**(131,554)**	(5,743)
Tax at domestic income tax rate of 17% (2014: 17%)	**(22,364)**	(976)
Tax effect of expenses not deductible for tax purpose	**17,142**	4,370
Tax effect of income not taxable for tax purpose	**(536)**	(4,032)
Tax effect of share result of a joint venture	**(315)**	(352)
Tax effect of tax losses not recognised	**1,109**	1,356
Tax effect of deductible temporary differences not recognised	**135**	49
Overprovision in respect of prior year	**(396)**	(468)
Effect of tax exemptions granted to Singapore subsidiary	**(147)**	(155)
Tax credit for the year	**(5,372)**	(208)

10. LOSS FOR THE YEAR

	2015 **HK$'000**	2014 HK$'000
Loss for the year has been arrived at after charging:		
Depreciation for property, plant and equipment	**1,809**	2,489
Amortisation of intangible assets	**8,270**	8,738
Auditors' remuneration	**1,413**	1,568
Directors' emoluments (Note 11)	**747**	781
Salaries and allowances (excluding directors)	**36,412**	33,336
Retirement benefits scheme contribution (excluding directors)	**3,962**	3,563
Total staff costs	**41,121**	37,680
and after crediting:		
Interest income	**2,116**	2,855
Net exchange gain	**142**	759
Incentives income	**1,429**	1,385
Employment credits from government grants	**1,397**	1,181
Dividend income	**–**	147
Management and administrative income	**1,065**	90
Commercial credit card rebate	**753**	1,181

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the nine (2014: eleven) directors, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, were as follows:

2015

Name of director	Notes	Fees	Salary	Contribution to retirement benefits scheme	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Mung Kin Keung		60	–	3	63
Mung Bun Man, Alan		60	–	3	63
Tse Ke Li		360	–	18	378
Leung Wai Man		60	–	3	63
Independent non-executive directors:					
Tsai Yung Chieh, David	(i)	3	–	–	3
Law Kwok Ho, Kenward	(i)	3	–	–	3
Fung Wai Ching		60	–	–	60
Chan Wai Man	(ii)	57	–	–	57
Chan Ho Bun, Steve	(ii)	57	–	–	57
		720	–	27	747

2014

Name of director	Notes	Fees	Salary	Contribution to retirement benefits scheme	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Mung Kin Keung		34	–	1	35
Mung Bun Man, Alan		46	–	2	48
Tse Ke Li		360	–	18	378
Leung Wai Man		12	–	1	13
Tang Chi Ming	(iii)	60	–	2	62
Independent non-executive directors:					
Chan Wai Man	(ii)	43	–	–	43
Chan Ho Bun, Steve	(ii)	43	–	–	43
Fung Wai Ching		31	–	–	31
Chan Ling, Eva	(iv)	58	–	–	58
Chung Koon Yan	(v)	35	–	–	35
Lam Ka Wai, Graham	(v)	35	–	–	35
		757	–	24	781

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes:

(i) Appointed on 11 December 2015
(ii) Resigned on 11 December 2015
(iii) Resigned on 24 March 2014
(iv) Resigned on 23 June 2014
(v) Resigned on 16 April 2014

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

No directors waived any emoluments for the years ended 31 December 2014 and 2015.

The Company has not appointed chairman and chief executive officer, and the roles and functions of the chairman and chief executive officer have been performed by the above executive directors of the Company collectively.

12. EMPLOYEES' AND CHIEF EXECUTIVE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none (2014: none) were directors of the Company whose emoluments are in note 11 above. The emoluments of the five (2014: five) highest paid individuals were as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries and other benefits	**5,225**	4,621
Performance related bonuses	**110**	100
Contribution to retirement benefits scheme	**294**	274
	5,629	4,995

The emoluments were within the following bands:

	Number of employees	
	2015	2014
HK$Nil – HK$1,000,000	**3**	3
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	1

13. DIVIDENDS

No dividend was paid, declared or proposed for the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting periods.

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2015 **HK$'000**	2014 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share	**(126,182)**	(5,535)

	2015 **'000**	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**764,572**	274,901

The Company's outstanding share options were all expired and lapsed on 13 May 2014, and therefore there was no outstanding dilutive share option as at 31 December 2015 and 2014.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicle HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST					
At 1 January 2014	9,330	5,351	3,670	1,514	19,865
Additions	131	–	–	248	379
Disposals	(6,033)	–	(151)	(792)	(6,976)
Exchange difference arising on translation	(83)	(136)	(138)	(27)	(384)
At 31 December 2014	3,345	5,215	3,381	943	12,884
Additions	147	–	43	186	376
Disposals	–	–	(31)	–	(31)
Exchange difference arising on translation	(137)	(216)	(219)	(55)	(627)
At 31 December 2015	3,355	4,999	3,174	1,074	12,602
DEPRECIATION					
At 1 January 2014	7,739	1,917	1,916	1,106	12,678
Provided for the year	427	740	1,054	268	2,489
Eliminated on disposals	(6,033)	–	(148)	(792)	(6,973)
Exchange difference arising on translation	(28)	(42)	(91)	(12)	(173)
At 31 December 2014	2,105	2,615	2,731	570	8,021
Provided for the year	463	722	370	254	1,809
Eliminated on disposals	–	–	(31)	–	(31)
Exchange difference arising on translation	(67)	(88)	(189)	(34)	(378)
At 31 December 2015	2,501	3,249	2,881	790	9,421
CARRYING VALUES					
At 31 December 2015	854	1,750	293	284	3,181
At 31 December 2014	1,240	2,600	650	373	4,863

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

Leasehold improvements	15% or over the term of the lease, whichever is shorter
Motor vehicle	10% – 20%
Furniture, fixtures and equipment	15% – 33%
Computer equipment	30% – 33%

At 31 December 2015 and 2014, no property, plant and equipment has been pledged as security.

16. AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	HK$'000	HK$'000
Listed equity shares in Hong Kong, at fair value (Note)	**46,800**	202,500
Analysed for reporting purposes as:		
Non-current asset	**46,800**	202,500

Note:

On 8 July 2014, Long Joy Investments Limited ("Long Joy"), a wholly-owned subsidiary of the Group, entered into a subscription agreement (the "Subscription") with China Star Entertainment Limited ("China Star"), pursuant to which Long Joy conditionally agreed to subscribe and China Star conditionally agreed to issue 1,500,000,000 shares of China Star ("China Star Subscription Shares") for a consideration of HK$135,000,000, which was equivalent to HK$0.09 per China Star Subscription Share. Upon the completion of the Subscription on 14 November 2014, Long Joy was interested in approximately 9.41% of the enlarged entire issued share capital of China Star. Since the directors considered that the Group cannot exercise significant influence on the financial and operating policies on the investee, and accordingly it is classified as available-for-sale investments. It was stated at fair value which have been determined based on the quoted market bid prices available on the Stock Exchange.

The share consolidation of every twenty-five issued shares of China Star consolidated into one consolidated share took effect from 9 November 2015 resulting in the number of shares held by the Group was consolidated from 1,500,000,000 shares to 60,000,000 shares.

During the year ended 31 December 2015, decrease in fair value of listed equity shares amounting to HK$155,700,000 (for the year ended 31 December 2014: increased by HK$67,500,000) was recognised in other comprehensive income under investments revaluation reserve. Due to a significant decline in the fair value of the investment in China Star below its cost, an impairment loss amounting to HK$88,200,000 has been recognised during the year ended 31 December 2015 which was reclassified from the investments revaluation reserve to profit or loss.

At 31 December 2015 and 2014, no available-for-sale investments has been pledged as security.

17. GOODWILL

	HK$'000
COST	
At 1 January 2014	8,279
Impairment loss	(8,393)
Exchange difference arising on translation	114
As 31 December 2014 and 2015	–

For the impairment testing, goodwill, trade name and the customer relationship are allocated to the Group's cash generating units ("CGUs") identified according to business segment which is the travel business segment.

17. GOODWILL *(Continued)*

The recoverable amount of the travel business's CGUs was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 16.35% (2014: 16.22%). Cash flows after the five-year period were extrapolated using a 2.64% (2014: 2.97%) growth rate in considering the economic condition of the market.

The growth rates used to extrapolate cash flow projections beyond the five-year period do not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows which include budgeted sales and gross margin. Such estimation is based on the unit's past performance and management's expectations for the market development including the fluctuation in the travel business in the current economic environment. Both actual sales and profit generated from the travel business segment in Singapore have fallen below expectation, and therefore the management has revised the cash flow projections.

During the year ended 31 December 2014, the management of the Group assessed that the carrying amount of the assets allocated to the units was determined to be higher than its recoverable amount of the related CGUs and an impairment loss of HK$8,393,000 was recognised and fully allocated to reduce the carrying amount of goodwill. The goodwill was fully impaired as at 31 December 2014.

18. INTANGIBLE ASSETS

The intangible assets were purchased as part of the acquisition of the Safe2Travel Pte Ltd ("Safe2Travel") in prior years and were recognised at their fair value at the date of acquisition.

The trade name has no legal life. The directors of the Company are of the opinion that the Group has the ability to use the trade name continuously. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trade name has no foreseeable limit to the period over which the services provided are expected to generate net cash flows for the Group.

As a result, the trade name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Other than the trade name, the customer relationship has an estimated useful life of 7 years and is amortised on a straight-line basis.

Details of the impairment test on the recoverable amount of the CGUs of the travel business in Singapore, to which the goodwill and intangible assets are allocated, are also set out in note 17.

18. INTANGIBLE ASSETS *(Continued)*

As of 31 December 2015, the management reviewed the current and expected performance of the travel business indicated that the carrying amounts of the CGUs were above the respective recoverable amounts. On this basis, the directors of the Company concluded that an impairment loss of HK$21,000,000 was recognised during the year ended 31 December 2015. The impairment loss was allocated to the trade name of HK$15,547,000 and the customer relationship of HK$5,453,000 on a pro-rata basis and is presented on the face of consolidated statement of profit or loss and other comprehensive income.

	Trade name	**Customer relationship**	**Total**
	HK$'000	HK$'000	HK$'000
COST			
At 1 January 2014	57,207	62,427	119,634
Exchange difference arising on translation	(2,314)	(2,524)	(4,838)
At 31 December 2014	54,893	59,903	114,796
Exchange difference arising on translation	(3,688)	(4,024)	(7,712)
At 31 December 2015	51,205	55,879	107,084
AMORTISATION AND IMPAIRMENT			
At 1 January 2014	–	24,525	24,525
Provided for the year	–	8,738	8,738
Exchange difference arising on translation	–	(1,172)	(1,172)
At 31 December 2014	–	32,091	32,091
Provided for the year	–	8,270	8,270
Impairment loss recognised in the year	15,547	5,453	21,000
Exchange difference arising on translation	–	(2,443)	(2,443)
At 31 December 2015	15,547	43,371	58,918
CARRYING VALUES			
At 31 December 2015	35,658	12,508	48,166
At 31 December 2014	54,893	27,812	82,705

19. INTEREST IN A JOINT VENTURE

On 30 July 2013, Jade Emperor International Limited ("Jade Emperor"), a wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "Participation Agreement") with Matrix Triumph Sdn. Bhd. ("MTSB") and Discover Orient Holidays Sdn. Bhd. ("DOH") for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14 million. DOH engages principally in the business of operating as tours and travel agents in Malaysia.

Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee which is equivalent to 90% of the profit before taxation of DOH. MTSB unconditionally and irrevocably guaranteed to Jade Emperor that the profit before taxation for the three financial years commencing from the financial year ended 31 December 2013 shall be no less than one million Malaysian Ringgit for each financial year.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the directors, in the view of the price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

The transaction was completed on 31 August 2013.

As the Participation Agreement requires the consent of both parties on major decision in the operation and control of DOH, DOH is treated as a joint venture of the Group accordingly.

Details of the Group's investment in a joint venture are as follows:

	2015 **HK$'000**	2014 HK$'000
Cost of investment in a joint venture	**14,000**	14,000
Share of post-acquisition profits and other comprehensive income	**5,024**	3,171
Exchange difference arising on translation	**(3,471)**	(95)
	15,553	17,076

19. INTEREST IN A JOINT VENTURE *(Continued)*

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

DOH

	2015 HK$'000	2014 HK$'000
Current assets	**20,948**	17,723
Non-current assets	**3,794**	6,115
Current liabilities	**10,264**	6,951
Non-current liabilities	**358**	1,075

Current assets mainly comprise of trade and other receivables of HK$14,803,000 (2014: HK$12,562,000). Current liabilities mainly comprise of trade and other payables of HK$7,681,000 (2014: HK$5,314,000).

	2015 HK$'000	2014 HK$'000
Revenue	**39,013**	55,118
Profit for the period	**2,059**	2,299
Other comprehensive income	**–**	–
Total comprehensive income for the year	**2,059**	2,299
Dividends received from the joint venture during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Net assets	**14,120**	15,812
Proportion of the Group's ownership interest	**90%**	90%
Effect of fair value adjustment at acquisition	**2,845**	2,845
Carrying amount of the Group's interest	**15,553**	17,076

Significant restriction

There are no significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

20. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**136,695**	126,453
Trade receivables discounted with full recourse	**–**	10,787
Brokers receivables	**5**	5
Deposits, prepayments and other receivables	**27,505**	19,601
	164,205	156,846

The Group allows an average credit period range from 60-180 days to its trade customers of the travel business. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2015 HK$'000	2014 HK$'000
0-30 days	**84,009**	77,538
31-60 days	**7,406**	14,123
61-90 days	**12,015**	5,885
91-180 days	**19,163**	16,711
181-365 days	**14,102**	12,196
	136,695	126,453

Trade receivables comprise of the gross amounts billed to customers.

These receivables relate to a number of independent customers that have a good track record with the Group. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit risk and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2015, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$33,265,000 (31 December 2014: HK$28,907,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The average age of these receivables is 128 days (2014: 128 days).

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Aging of trade receivables which are past due but not impaired

	2015 HK$'000	2014 HK$'000
91-180 days	**19,163**	16,711
181-365 days	**14,102**	12,196
Total	**33,265**	28,907

Trade receivables discounted with full recourse

As at 31 December 2014, the amounts represented trade receivables discounted to banks with full recourse with a maturity period of less than 90 days. The Group recognised the full amount of the discount proceeds as liabilities as set out in note 24.

The following were the Group's financial assets as at 31 December 2014 that were transferred to banks by discounting those receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of these receivables and had recognised the cash received on the transfer as a secured borrowing (see note 24). These financial assets were carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2015, there is no trade receivables discounted with full recourse.

	2015 HK$'000	2014 HK$'000
Carrying amount of transferred assets	**–**	10,787
Carrying amount of associated liabilities	**–**	10,787
Net position	**–**	–

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, comprise:

	2015	2014
	HK$'000	HK$'000
Listed equity securities in Hong Kong, held for trading (Note)	**27,078**	–

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 31 December 2015 and 2014, no financial assets at fair value through profit or loss has been pledged as security.

22. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

Pledged bank deposits and bank balances carry interest at market rates which range from 0.01% to 0.13% (2014: 0.01% to 0.12%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015	2014
	HK$'000	HK$'000
United States dollars ("USD")	**429**	336
Australian dollar ("AUD")	**4,704**	2,461
New Zealand dollar ("NZD")	**107**	122
Renminbi ("RMB")	**9**	–

23. TRADE AND OTHER PAYABLES

	2015 **HK$'000**	2014 HK$'000
Trade payables	**34,976**	39,656
Accruals	**7,856**	5,641
Deposits received	**1,653**	4,726
Other payables	**8,250**	7,966
	52,735	57,989

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period.

	2015 **HK$'000**	2014 HK$'000
0-30 days	**34,810**	19,048
31-60 days	**138**	15,201
61-90 days	**28**	5,407
	34,976	39,656

The average credit period from trade suppliers of the travel business is 30 days.

24. BANK BORROWINGS

	2015 **HK$'000**	2014 HK$'000
Short term secured bank borrowings, repayable within one year	**19,046**	–
Advances drawn on trade receivables discounted with full recourse	**–**	10,787
	19,046	10,787

The Group's secured bank borrowings that contain a repayment on demand clause in the loan agreements:

	2015 **HK$'000**	2014 HK$'000
Repayable within one year	**19,046**	10,787

The Group's secured bank borrowings are denominated in the functional currency of the relevant group entity. As at 31 December 2015, the bank borrowings carry variable interest rates ranging from 5.21% to 5.77%. As at 31 December 2014, the amount represented the Group's other borrowings secured by the trade receivables discounted to banks with full recourse (see note 20), and the amount was repayable within one year.

25. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years.

	Fair value adjustments HK$'000
At 1 January 2014	16,168
Credit to profit or loss	(1,485)
Exchange difference arising on translation	(625)
At 31 December 2014	14,058
Credit to profit or loss (note 9)	(4,976)
Exchange difference arising on translation	(899)
At 31 December 2015	8,183

At the end of the reporting period, the Group has unused tax losses of approximately HK$105,935,000 (2014: HK$99,412,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits stream.

26. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 2015	180,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2014	124,932,300	1,249
Issue of new shares (Note)	639,640,050	6,397
At 31 December 2014 and 31 December 2015	764,572,350	7,646

Note:

On 11 February 2014, the Company completed a placing of 24,986,000 new shares under the general mandate at a placing price of HK$1.00 per placing share. The net proceeds from the placing, after deducting directly attributable costs of HK$0.85 million, were approximately HK$24.14 million. Details of the placing were disclosed in the Company's announcements dated 22 January 2014, 24 January 2014, 30 January 2014 and 11 February 2014.

On 18 June 2014, the Company completed an open offer of 74,959,150 offer shares at a subscription price of HK$0.70 per share on the basis of one offer share for every two existing shares held. The net proceeds from the open offer, after deducting directly attributable costs of HK$2.6 million were approximately HK$49.87 million. Details of the open offer were disclosed in the Company's prospectus dated 26 May 2014, and the Company's announcement dated 17 June 2014.

On 30 July 2014, the Company completed a placing of 29,980,000 new shares under the general mandate at a placing price of HK$0.65 per placing share. The net proceeds from the placing, after deducting directly attributable costs of HK$0.85 million, were approximately HK$18.65 million. Details of the placing were disclosed in the Company's announcement dated 16 July 2014 and 30 July 2014.

On 12 November 2014, the Company completed an open offer of 509,714,900 offer shares at a subscription price of HK$0.30 per share on the basis of two offer shares for every one existing share held. The net proceeds from the open offer, after deducting directly attributable costs of HK$5.7 million were approximately HK147.19 million. Details of the open offer were disclosed in the Company's circulars dated 12 September 2014, prospectus dated 17 October 2014 and announcement dated 16 July 2014, 7 October 2014 and 10 November 2014.

27. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme ("Option Scheme") and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share option scheme ("2011 Scheme") at the same meeting. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the Option Scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of three years from the date of acceptance.

The share options granted on 13 May 2011 were fully vested immediately and became exercisable on the grant date. The outstanding share options of 2,250,000 as at 31 December 2013 were all expired and lapsed on 13 May 2014.

No share options were granted or exercised for year ended 31 December 2015 and 2014, and there was no outstanding share options as at 31 December 2015 and 2014.

28. PLEDGE OF ASSETS

At 31 December 2015, trade receivable amounting to Singapore Dollar ("SG$") 24,505,000 (equivalent to approximately HK$134,234,000) (31 December 2014: SG$21,759,000 (equivalent to approximately HK$127,776,000)) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG$3,681,000 (equivalent to approximately HK$20,162,000) (31 December 2014: SG$7,000,000 (equivalent to approximately HK$41,109,000)) of the Group was pledged to a bank to secure credit facility as at 31 December 2015. The bank has provided banker's guarantee, invoice financing and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG$16,000,000 (equivalent to approximately HK$87,644,000) (31 December 2014: SG$16,000,000 (equivalent to approximately HK$93,956,000)) of which the amounts utilised as at 31 December 2015 were approximately SG$6,393,000 (equivalent to approximately HK$35,022,000) (31 December 2014: SG$12,075,000 (equivalent to approximately HK$70,908,000)). Besides, another bank has provided banker's guarantee to a subsidiary of the Company in an amount of approximately SG$49,000 (equivalent to approximately HK$268,000) (31 December 2014: Nil). The banker's guarantee has been given in favour to international airlines.

29. OPERATING LEASES

The Group as lessee

	2015	2014
	HK$'000	HK$'000
Minimum lease payments recognised under operating leases for premises during the year	**5,279**	3,995

29. OPERATING LEASES *(Continued)*

The Group as lessee *(Continued)*

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

	2015 **HK$'000**	2014 HK$'000
Within one year	**4,039**	4,820
In the second to fifth years inclusive	**3,640**	6,746
	7,679	11,566

Operating lease payments represent rentals paid or payable by the Group for certain of its office premises and office equipment. Leases are negotiated for lease term of one to three years (31 December 2014: one to four years).

30. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualified employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,500 or 5% of relevant salaries and allowances to the MPF Scheme, which contribution is matched by the employees.

The employees of the Group's subsidiary in Singapore are members of the Central Provident Fund Scheme ("CPF Scheme"), a state-managed retirement benefit scheme operated by the Singapore Government. The Group is required to contribute ranging from 12% to 16% of payroll costs to the Central Provident Fund Scheme to fund the benefit. The only obligation of the Group with respect of the Central Provident Fund Scheme is to make the specific contributions. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

The total cost charged to consolidated statement of profit or loss and other comprehensive income approximately of HK$3,989,000 (2014: HK$3,615,000) represents contributions payable to the MPF Scheme and CPF Scheme by the Group in respect of the year ended 31 December 2015. As at 31 December 2015, contributions of HK$774,000 (31 December 2014: HK$768,000) due in respect of the respective year ended had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

31. FINANCIAL INFORMATION OF THE COMPANY

The information about the statement of financial position of the Company at the end of reporting period is as follows:

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		67	–
Interest in a subsidiary	(a)	1	1
		68	1
Current assets			
Amounts due from subsidiaries		299,746	434,714
Other receivables		1,374	545
Bank balances and cash		34,182	76,132
		335,302	511,391
Current liabilities			
Other payables		(1,691)	(2,947)
Net current assets		333,611	508,444
Net assets		333,679	508,445
Capital and reserves			
Share capital	26	7,646	7,646
Share premium and reserves	(b)	326,033	500,799
		333,679	508,445

31. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes:

(a) The interest in a subsidiary represents the unlisted share measured at cost less impairment loss recognised.

(b) **Share premium and reserves**

	Share premium HK$'000	Distributable reserve HK$'000 Note (i)	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	349,134	32,589	852	(108,981)	273,594
Loss for the year	–	–	–	(6,245)	(6,245)
Issue of shares (note 26)	243,462	–	–	–	243,462
Transaction costs attributable to the issue of shares (note 26)	(10,012)	–	–	–	(10,012)
Lapsed of share options (note 27)	–	–	(852)	852	–
At 31 December 2014	582,584	32,589	–	(114,374)	500,799
Loss for the year	–	–	–	(174,766)	(174,766)
At 31 December 2015	582,584	32,589	–	(289,140)	326,033

The distributable reserves of the Company are amounted to HK$326,033,000 (2014: HK$500,799,000).

Note (i): The distributable reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 24, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and various reserves.

33. FINANCIAL INSTRUMENTS

33a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**269,760**	311,748
Available-for-sale investments	**46,800**	202,500
Financial assets at fair value through profit or loss	**27,078**	–
Financial liabilities		
Amortised cost	**62,272**	58,409

33b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk management

(i) Foreign currency risk management

Certain subsidiaries of the Group have trade and other receivables, pledged bank deposits, bank balances in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets	
	2015 HK$'000	2014 HK$'000
USD	**429**	336
AUD	**4,704**	2,461
NZD	**107**	122
RMB	**9**	–

33. FINANCIAL INSTRUMENTS *(Continued)*

33b. Financial risk management objectives and policies *(Continued)*

Market risk management *(Continued)*

(i) Foreign currency risk management (Continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in the functional currencies of each group entity against the above foreign currencies. 5% (2014: 5%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD. A positive number below indicates an increase in post-tax loss where functional currency of each group entity strengthen 5% (2014: 5%) against the relevant currencies. For a 5% (2014: 5%) weakening of functional currency of each group entity against the relevant currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

	2015	2014
	HK$'000	HK$'000
AUD	**235**	123
NZD	**5**	6

(ii) Interest rate risk management

The Group's cash flow interest rate risk relates primarily to variable-rate pledged bank deposits (note 22), bank balances (note 22) and bank borrowings (note 24). The Group's cash flow interest rate is mainly resulted from the fluctuation of market interest rate.

The sensitivity analysis below have been determined based on the exposure to interest rates on pledged bank deposits, bank balances and bank borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

33. FINANCIAL INSTRUMENTS *(Continued)*

33b. Financial risk management objectives and policies *(Continued)*

Market risk management *(Continued)*

(ii) Interest rate risk management (Continued)

A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2015 would decrease by approximately HK$17,000 (2014: decrease by approximately HK$152,000). Management does not expect a significant decrease of interest rate.

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity securities quoted in the open markets.

Sensitivity analysis

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

If equity prices had been 10% higher/lower (2014: Nil) loss for the year ended 31 December 2015 would decrease/increase by HK$2,708,000 (2014: Nil) as a result of the changes in fair value of financial assets at fair value through profit or loss.

If equity prices had been 10% higher/lower (2014: 10%) other comprehensive income for the year ended 31 December 2015 would increase/decrease by HK$4,680,000 (2014: HK$20,250,000) as a result of the changes in fair value of available-for-sale investments.

The Group's sensitivity to equity and other price risks has decreased during the year mainly due to the decrease in the fair value of available-for-sale investments and financial assets at fair value through profit or loss.

33. FINANCIAL INSTRUMENTS *(Continued)*

33b. Financial risk management objectives and policies *(Continued)*

Credit risk management

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The management of the Group considers that the concentration of credit risk on the available-for-sale investments and financial assets at fair value through profit or loss in the equity securities is limited as they were issued by companies whose shares are listed on the Stock Exchange.

The Group has no concentration of credit risks on its outstanding trade and other receivables as at 31 December 2015 and 2014. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt instrument at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Other than concentration of credit risk on liquid funds which are deposited with several banks with good reputation, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity tables

In addition, the following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

33. FINANCIAL INSTRUMENTS *(Continued)*

33b. Financial risk management objectives and policies *(Continued)*

Liquidity risk management *(Continued)*

Liquidity tables (Continued)

The amounts included below for variable interest rates instruments for both non-derivative financial assets and liabilities are subject to the change if the changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

	Weighted average interest rate	On demand	1-3 months	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000
2015					
Non-derivative financial assets					
Trade and other receivables	**–**	**33,444**	**103,430**	**136,874**	**136,874**
Available-for-sale investments	**–**	**46,800**	**–**	**46,800**	**46,800**
Financial assets at fair value through profit or loss	**–**	**27,078**	**–**	**27,078**	**27,078**
Pledged bank deposits	**0.13**	**20,164**	**–**	**20,164**	**20,162**
Bank balances and cash	**0.01**	**112,725**	**–**	**112,725**	**112,724**
		240,211	**103,430**	**343,641**	**343,638**
Non-derivative financial liabilities					
Trade and other payables	**–**	**43,226**	**–**	**43,226**	**43,226**
Bank borrowings	**5.35**	**20,066**	**–**	**20,066**	**19,046**
		63,292	**–**	**63,292**	**62,272**
2014					
Non-derivative financial assets					
Trade and other receivables	–	29,719	92,136	121,855	121,855
Available-for-sale investments	–	202,500	–	202,500	202,500
Pledged bank deposits	0.12	41,113	–	41,113	41,109
Bank balances and cash	0.01	148,785	–	148,785	148,784
		422,117	92,136	514,253	514,248
Non-derivative financial liabilities					
Trade and other payables	–	47,622	–	47,622	47,622
Bank borrowings	3.51	10,860	–	10,860	10,787
		58,482	–	58,482	58,409

33. FINANCIAL INSTRUMENTS *(Continued)*

33b. Financial risk management objectives and policies *(Continued)*

Liquidity risk management *(Continued)*

Liquidity tables (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 December 2015 and 31 December 2014, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$19,046,000 and HK$10,787,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment of the bank borrowings. The directors believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$20,066,000 (2014: HK$10,860,000).

33c. Fair value measurement of financial instruments

(i) Fair value of financial assets that are measured at fair value on a recurring basis

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

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

33. FINANCIAL INSTRUMENTS *(Continued)*

33c. Fair value measurement of financial instruments *(Continued)*

(i) *Fair value of financial assets that are measured at fair value on a recurring basis* *(Continued)*

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant Unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2015 HK$'000	31 December 2014 HK$'000				
1) Listed available-for-sale investments	**HK$46,800**	HK$202,500	Level 1	Quoted bid prices in an active market	N/A	N/A
2) Listed equity securities classified as financial assets at fair value through profit or loss	**HK$27,078**	–	Level 1	Quoted bid prices in an active market	N/A	N/A

There were no transfers between Level 1 and 2 fair value measurements in 2015 and 2014.

(ii) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis*

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

34. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

(a) ***The remuneration of directors and other members of key management during the year was as follows:***

	2015 **HK$'000**	2014 HK$'000
Short-term employee benefits	**720**	757
Post-employment benefits	**27**	24
	747	781

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) ***During the year, the Group entered into the following transactions with related parties:***

		2015 **HK$'000**	2014 HK$'000
Related companies (Note)	Management and administrative income	**290**	90

Note: The directors of the Company, Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, have beneficial interests in the related companies.

35. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 29 February 2016, the Company completed a rights issue of 1,529,144,700 rights shares at a subscription price of HK$0.10 per rights share on the basis of two rights share for every one existing ordinary share of the Company held on 27 January 2016. The net proceeds from the rights issue, after deducting directly attributable costs, were approximately HK$146.5 million. Details of the rights issue were disclosed in the Company's circular dated 24 December 2015, prospectus dated 28 January 2016 and announcements dated 8 October 2015 and 26 February 2016.

(b) On 4 March 2016, the Group and two independent third parties (the "Vendors") respectively entered into two sale and purchase agreements, pursuant to which the Vendors conditionally agreed to sell and the Group conditionally agreed to purchase the entire issued share capital of the companies owned by vendors and their shareholders's loans, at a consideration of HK$63,371,000 and a consideration of not exceeding HK$73,600,000 respectively. The transactions have yet completed as at the date of this report. Details are set out in the Company's announcement dated 4 March 2016.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities/ place of operation
			Direct		Indirect		Direct		Indirect		
			2015 **%**	2014 %	**2015** **%**	2014 %	**2015** **%**	2014 %	**2015** **%**	2014 %	
Durable Gold Investments Limited	British Virgin Islands	Ordinary USD1	**100**	100	**–**	–	**100**	100	**–**	–	Investment holding/ Hong Kong
Trasy Holdings Limited	Hong Kong	Ordinary HK$2	**–**	–	**100**	100	**–**	–	**100**	100	Management services/ Hong Kong
United Goldnet Limited	Hong Kong	Ordinary HK$2	**–**	–	**100**	100	**–**	–	**100**	100	Treasury management and securities trading/ Hong Kong
Harvest Well International Limited	British Virgin Islands	Ordinary USD1	**–**	–	**100**	100	**–**	–	**100**	100	Investment holding/ Hong Kong
Safe2Travel Pte Ltd.	Singapore	Ordinary SG$9,981,000	**–**	–	**100**	100	**–**	–	**100**	100	Licensed travel agent/ Singapore
Jade Emperor International Limited	British Virgin Islands	Ordinary USD1	**–**	–	**100**	100	**–**	–	**100**	100	Investment holding/ Hong Kong
Solution Apex Investments Limited	British Virgin Islands	Ordinary USD1	**–**	–	**100**	100	**–**	–	**100**	100	Treasury management/ Hong Kong
Time Tic Investments Limited	British Virgin Islands	Ordinary USD1	**100**	100	**–**	–	**100**	100	**–**	–	Investment holding/ Hong Kong
Perfect Well Tours Limited	Hong Kong	Ordinary HK$500,000	**–**	–	**100**	100	**–**	–	**100**	100	Licensed travel agent/ Hong Kong
Long Joy Investments Limited	British Virgin Islands	Ordinary USD1	**100**	100	**–**	–	**100**	100	**–**	–	Investment holding/ Hong Kong

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

The above table listed the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the Hong Kong ("HK"). The principal activities of these subsidiaries are summarised as follows:

Principal activities of business	Principal place	Number of subsidiaries	
		2015	2014
Investment holding	BVI	**2**	1
Inactive	BVI	**1**	0
Inactive	HK	**6**	5
		9	6