Directel Holdings Limited
直通電訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8337

2015 ANNUAL REPORT

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

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

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

This report, for which the directors (the "Director(s)") of Directel 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 ("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: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Li Kin Shing

EXECUTIVE DIRECTORS

Pang Kwok Chau (Chief Executive Officer)
Li Wang

NON-EXECUTIVE DIRECTOR

Wong Kin Wa

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chen Xue Dao
Chu, Howard Ho Hwa
Lee Man Yee, Maggie

AUTHORISED REPRESENTATIVES

Pang Kwok Chau
Chan Wai Ching

COMPLIANCE OFFICER

Pang Kwok Chau

COMPANY SECRETARY

Chan Wai Ching, CPA

AUDIT COMMITTEE

Lee Man Yee, Maggie (Chairman)
Chen Xue Dao
Chu, Howard Ho Hwa

REMUNERATION COMMITTEE

Lee Man Yee, Maggie (Chairman)
Li Kin Shing
Chen Xue Dao

NOMINATION COMMITTEE

Lee Man Yee, Maggie (Chairman)
Pang Kwok Chau
Chen Xue Dao

REGISTERED OFFICE

Clifton House, 75 Fort Street
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Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Gilman Street Branch
136 Des Voeux Road
Central, Hong Kong

Citibank N.A.
18th Floor, Three Exchange Square
8 Connaught Place
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8337

AUDITORS

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Directel Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 to all the shareholders.

RESULTS OF THE YEAR

For the year ended 31 December 2015, the Group recorded revenue of approximately HK$15,934,000, representing a decrease of approximately 29.7% as compared with last year. Loss for the year attributable to equity shareholders of the Company in 2015 amounted to approximately HK$36,040,000, representing a 44.5% increase from the year of 2014. Basic and diluted loss per ordinary share increased 45.0% to 1.16 HK cents for the year of 2015 as compared with 0.8 HK cents for the year of 2014.

REVIEW FOR THE YEAR

The performance of the Group was weakened for the year ended 31 December 2015 compared to 2014. The monthly average number of activated phone numbers decreased by approximately 12.3% to 93,672 in the year of 2015 when compared to 2014. The volume of the Group's airtime sold decreased from approximately 91.5 million minutes for the year of 2014 to approximately 76.4 million minutes for the year of 2015.

FUTURE PROSPECTS

The saturation of the traditional telecommunication market and the continuation of the shift of core value of telecommunication industry from telecommunication services to information services lead to the Group's development in new ways. Although in this fiscal year, the Group had incurred a loss under a challenging business environment, the management remains confident that our business model would be matured and success in the near future. We will continuously seek opportunities in existing business to expand the Group's customer base and its operations by means of broadening the scope of its services and enhancing the standard of services provided to target customers so that it can increase its appeal to new customers and expands its customer base. Also the Group will provide a wider variety of value-added services for its users to increase turnover by planning to launch several new mobile and roaming services to align with the developing trends of mobile internet and promote strategic transformation and reform and innovation and hopefully can promote and encourage the Group's users to utilize more mobile data services. I believe these plans will enhance the Group's overall competitiveness, differentiate the Group from other competitors and assist the Group in capturing a larger share of the market.

On behalf of the Board, I would like to extend grateful appreciation to all the shareholders, customers, suppliers and other business partners of the Company for their longstanding and substantial support. I must also thank our directors, management and staff, who have worked and grown together with the Group and served it with integrity and dedication.

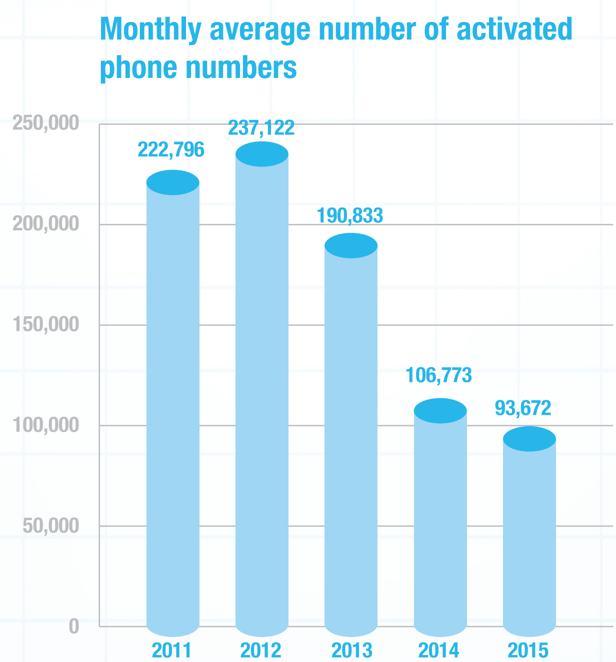
Li Kin Shing
Chairman

Hong Kong, 29 March 2016

BUSINESS REVIEW

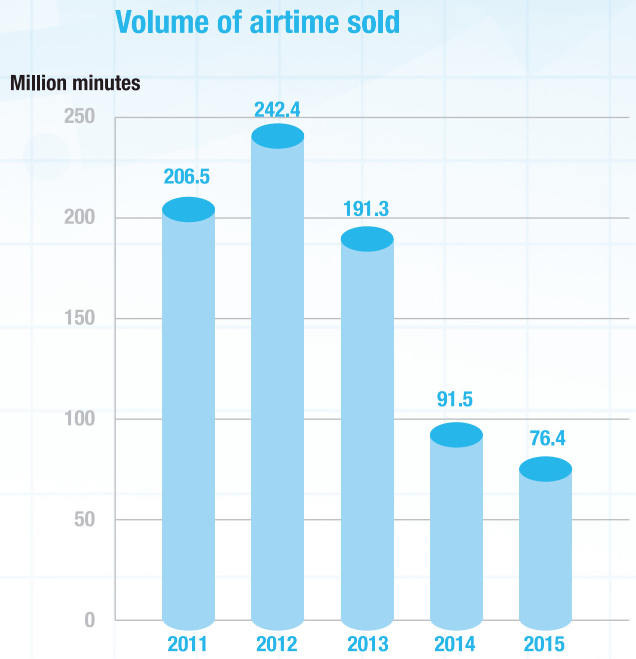
The Group is a mobile virtual network operator ("MVNO") which is principally engaged in the provision of mobile phone services. The Group does not have its own telecommunications network infrastructure and its business mainly involves trading of airtime sourced from two mobile network operators ("MNOs") in Hong Kong and one MNO in the People's Republic of China ("the PRC"), and subsequently sold the airtime through different channels and in various forms to users, dealers or the MNOs. The Group's mobile phone services include "One Card Multiple Number" service and Hong Kong local mobile phone services. The Group also provides services including the resale of airtime to MNOs, telesales dealership services and other services.

Performance of the Group was weakened for the year ended 31 December 2015 comparing to the year ended 31 December 2014. The monthly average number of activated phone numbers decreased by approximately 12.3% to 93,672 in the year ended 31 December 2015 when compared to the year ended 31 December 2014 and the total number of activated phone numbers decreased by approximately 37.4% to 69,858 as of 31 December 2015 compared to 111,596 as of 31 December 2014.



The Group continued to face difficulties in the highly competitive mobile services industry particularly in the data access services and mobile communications applications. The increased popularity of smart phone devices also led to a rapid growth of alternative means of communications (e.g. social networking applications) which had reduced the usage for traditional voice and short message services. The average revenue per user ("ARPU") of the Group showed a decreasing trend and the ARPU of the Group was approximately HK$14.0 for the year ended 31 December 2015, lower than approximately HK$17.2 for the last corresponding year.

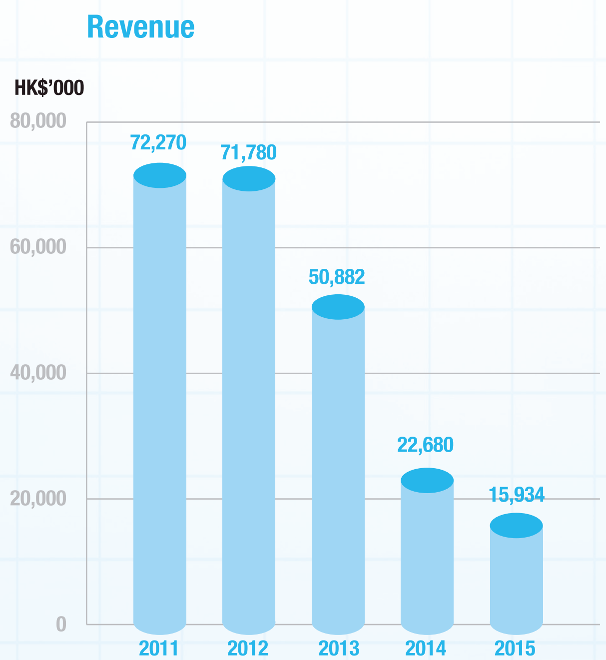
The volume of the Group's airtime sold decreased from approximately 91.5 million minutes for the year ended 31 December 2014 to approximately 76.4 million minutes for the year ended 31 December 2015. The revenue derived from the provision of "One Card Multiple Number" service, Hong Kong local mobile phone services and resale of airtime to MNOs decreased from approximately HK$22.6 million to approximately HK$15.9 million during the same period. The Group's revenue per minute of airtime sold decreased from approximately HK$0.25 for the year ended 31 December 2014 to approximately HK$0.21 for the year ended 31 December 2015.



FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the revenue of the Group decreased to approximately HK$15,934,000 compared to approximately HK$22,680,000 for the last corresponding year, represented a decrease of approximately 29.7%. The decrease in revenue was mainly attributable to the decrease in the monthly average number of activated phone numbers and decrease of airtime usage by users.



Cost of Sales

The Group's cost of sales decreased by approximately 7.9% to approximately HK$18,728,000 for the year ended 31 December 2015 compared to approximately HK$20,324,000 for the last corresponding year. The cost of sales in respect of the provision of mobile phone services and resale of airtime to MNOs decreased by approximately 7.6% compared to last corresponding year. Such decrease was mainly due to the decrease of airtime usage by users. The cost of sales in respect of the provision of telesales dealership services decreased by approximately 100% compared to last corresponding year, which was in line with the decrease in the revenue derived from the provision of telesales dealership services.

Gross Loss

The Group recorded a gross loss for the year ended 31 December 2015 of approximately HK$2,794,000 while it recorded a gross profit of approximately HK$2,356,000 for the last corresponding year. The gross loss incurred was mainly attributable to the decrease of airtime usage by users and the increase of average unit cost of Hong Kong airtime resulting from the requirement to satisfy the minimum monthly airtime purchase amount adopted by two MNOs.

Other Income

The Group's other income for the year ended 31 December 2015 increased by approximately 0.2% to approximately HK$2,369,000 when compared to approximately HK$2,365,000 for the last corresponding year. The increase was mainly attributable to the increase of interest income from bank deposits.

Other Net Loss

The Group's other net loss for the year ended 31 December 2015 increased almost 10 times to approximately HK$6,528,000 when compared to approximately HK$657,000 for the last corresponding year. The increase was attributable to foreign exchange loss arising from the movements in the exchange rate between Hong Kong dollars and Renminbi during the year.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the year ended 31 December 2015 increased by approximately 31.3% to approximately HK$17,212,000 compared to approximately HK$13,112,000 for the last corresponding year. The increase was mainly attributable to the research and development cost of approximately HK$4,241,000 incurred in the year of 2015 while no such expense was incurred in the year of 2014.

Provision for Impairment Loss on Trade Receivables

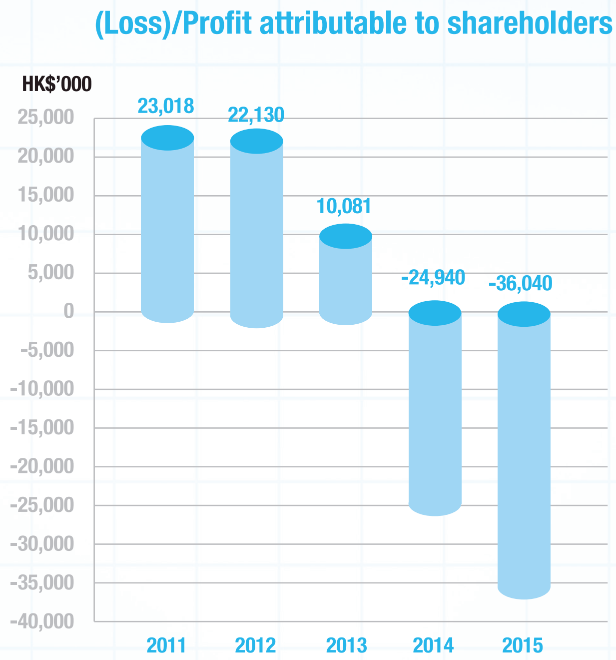
During the year ended 31 December 2015, the Group has made a provision for impairment loss on trade receivables of approximately HK$11,574,000 in accordance with the Group's policy in provision for doubtful debts. Details are set out in note 13 to the financial statements.

Income Tax

The Group's income tax for the year ended 31 December 2015 decreased by approximately 80.8% to approximately HK$301,000 when compared to approximately HK$1,570,000 for the last correspondingly year. The decrease was mainly attributed to the decrease of operating profit.

Loss Attributable to Shareholders

The Group recorded a loss attributable to equity shareholders of the Company for the year ended 31 December 2015 of approximately HK$36,040,000, representing an increase of approximately 44.5% when compared to approximately HK$24,940,000 for the last corresponding year. Such increase was mainly due to decrease of revenue, incurrence of research and development cost, significant increase in foreign exchange loss and recognition of provision for impairment loss on trade receivables during the year ended 31 December 2015.



BUSINESS OUTLOOK

As disclosed in the announcement of the Company dated 4 May 2015, the Group and its airtime service provider in the PRC have mutually agreed to terminate the contractual relationship for providing airtime in the PRC to the Group. As a result, it ceased providing airtime in the PRC to the Group in November 2015 and the "One Card Multiple Number" service of the Group cannot be sustained. Nevertheless, the Group will continue to find a replacement service provider of airtime in the PRC and will continue to seek opportunities in existing business to expand its customer base and operations by means of broadening the scope of services and enhancing the standard of services provided to target customers so that it can increase its appeal to new customers and expand its customer base.

In response to the changes in the traditional voice and SMS business in the mobile telecommunications market, we need to adjust our way of thinking and deliver innovative services, so that we could transform the challenges in driving force and provide customers with services that better fulfill their practical needs. Going forward in the year of 2016, we intend to launch several new mobile and roaming services to align with the developing trends of mobile internet and promote strategic transformation and reform and innovation.

1. **OTA Card**

OTA Card is a new generation of "3Gmate" telecommunication service provided by the Group. Through the two core technologies of air-issuing and APP writing, users will not need to buy extra SIM cards. A single CA-SIM card can load with multiple phone numbers, enjoying the favorable local call charging and traffic rate. With the value-added service platform, users can travel around and connect to the world. Users can receive free traffic, credits and coupons etc. The authentication and encryption functions of CA-SIM card can provide to the outbound traveling users better value-added services like Mzone network, O2O business in their destinations and ticket booking service etc.

With the APP application and the CA-SIM authenticated identity, users can have access to the local telecommunication service, saving the tedious account opening procedure and making communication more convenient. The multiple number function of the APP includes account opening, card re-issuing and number switching. And through the APP, users can check their account, pay for the phone bill or charge their account.

2. **New Service Named "Directel"**

The "Directel" is an innovated integration of mobile Internet and traditional PSTN network, using the APP on the mobile phone end to accomplish the basic telephone function and meet the customized requirements of mobile Internet telecommunication for the users. It can promote different telecommunication service providers to integrate their services (not only includes HK service providers, but also can provide access to overseas telecommunication service providers to achieve non-standard cross border telecommunication service), so as to realize one APP with multiple affiliated phone numbers, saving money for the user and bring new telecom experience.

3. **Private Phonebook**

Private phonebook is a personal communication management software with CA core technology (including CA-SIM card's hardware certificate and software certificate), mainly helping you to accomplish all functions that are based on security factors, such as the business card/phonebook management, the encrypted local/cloud storage of phonebook, prevention of malwares' access to the phonebook, encryption of the telephone communication and so on.

Apart from the above, the Group will continue to look for potential opportunities to diversify its business scope and we believe that the new business will make a positive contribution to the results of the Group in the future.

CAPITAL STRUCTURE

As at 31 December 2015, the Group had no outstanding loan or borrowing, and the gearing ratio (being ratio of total long term borrowings to equity) was therefore inapplicable.

Unlisted Warrants

On 30 April 2014, the Company entered into a warrant subscription agreement (the "Warrant Subscription Agreement") with JD Edward Asset Management Company Limited, an independent third party (the "Subscriber") in relation to the subscription of a total of 200,000,000 unlisted warrants (the "Warrant(s)") by the Subscriber at the issue price of HK$0.01 per unit of Warrants (the "Warrant Subscriptions"). The Warrants entitled the Subscriber to subscribe in cash for in aggregate of 200,000,000 shares in the Company at the subscription price of HK$0.1648 per new share (subject to anti-dilutive adjustment) for a period of 60 months commencing from the date of issue of the Warrants. On 29 May 2014, the conditions set out in the Warrant Subscription Agreement have been fulfilled and completion of the Warrant Subscriptions took place. The net proceeds from the Warrant Subscriptions (after expenses of approximately HK$346,000) were approximately HK$1,654,000. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 3 June 2015, a specific mandate was given to the directors of the Company to allot and issue new Shares (subject to adjustment) upon exercise of subscription rights attaching to the Warrants. On 23 June 2015, the Company completed a bonus issue on the basis of two bonus shares for every one held by the existing shareholders ("Bonus Issue"). As a result of the Bonus Issue, the subscription price for such warrant shares and the number of warrant shares to be issued and allotted upon exercise of the subscription rights attached to the Warrants shall be adjusted from HK$0.1648 to HK$0.0549 and from 200,000,000 Shares to 600,000,000 Shares respectively. At as the date of this report, no Warrants have been exercised and the Company has not utilised any of the net proceeds.

Issued Share Capital

On 1 April 2015, the Board proposed a bonus issue of new shares ("Bonus Shares") on the basis of two bonus shares for every one share held by the existing shareholders. The Bonus Shares rank pari passu in all respect with the shares then in issue. On 23 June 2015, the Bonus Issue was completed. The issued share capital of the Company was therefore increased by 2,075,000,000 shares from 1,037,500,000 shares to 3,112,500,000 shares and approximately of HK$20,750,000 was credited to share capital with the same amount was debited to the share premium account.

As at 31 December 2015, total equity attributable to equity holders of the Company amounted to approximately HK$103,377,000 (31 December 2014: approximately HK$139,417,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally finances its operations with internally generated cash flows and capital contribution from shareholders. As at 31 December 2015, the Group had net current assets of approximately HK$96,109,000 (31 December 2014: approximately HK$134,229,000), including cash at bank and in hand of approximately HK$89,782,000 (31 December 2014: approximately HK$112,440,000). The current ratio was 9.0 as at 31 December 2015, lower than 18.3 as at 31 December 2014.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi ("RMB") and United States dollars ("US$"). The Group currently does not have hedging policy in respect of the foreign currency risk. However, management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the need arise. As at 31 December 2015, the Group did not have any derivatives for hedging against the exchange rate risk.

PLEDGE OF ASSETS

As at 31 December 2015, the Group did not have any pledges on its assets.

CONTINGENT LIABILITIES

As at the date of this report, the Group did not have any contingent liabilities.

MATERIAL ACQUISITION, DISPOSAL OR SIGNIFICANT INVESTMENT

As at 31 December 2015, the Group had no specific acquisition target. The Group did not have any material acquisition, disposals of subsidiaries or affiliated companies or significant investment during the year under review.

STAFF AND REMUNERATION POLICY

As at 31 December 2015, the Group had 13 employees (2014: 12 employees). Breakdown of the Group's staff by functions as at 31 December 2015 is as follows:

Function	As at 31 December 2015	As at 31 December 2014
Management	2	2
Financial and accounting	3	2
Sales and marketing	2	1
Information technology, repair and maintenance	3	3
Customer service	1	2
Administration and human resources	2	2
Total	13	12

The total staff remuneration including directors' remuneration paid or payable by the Group in 2015 was approximately HK$3,716,000 (2014: approximately HK$3,739,000). Remuneration paid to staff, including Directors, is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include medical insurance, share option scheme and contributions to statutory mandatory provident fund scheme to its employees in Hong Kong.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.22 to 17.24 of the GEM Listing Rules during the year.

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the provision of mobile phone services. The Group also provides services of resale of airtime to MNOs and telesales dealership services. The principal activities and other particulars of its subsidiaries are set out in note 11 to the financial statements.

PRINCIPAL PLACE OF BUSINESS

The Company has established a principal place of business in Hong Kong at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 as well as a discussion on the Group's future business development are set out in the sections headed "Management Discussion and Analysis" on pages 5 to 11 of this Annual Report.

Description of the principal risks and uncertainties facing the Group can be found in the below paragraph.

Principal Risks and Uncertainties

The directors are aware that a number of factors may affect the results and operation of the Group, including some which are specific to the Group or the industries in which the Group operates as well as others that are common to most of other businesses. The directors have established a policy to ensure that significant risks which may adversely affect the Group's performance are identified, reported, monitored, and managed on a continuous basis.

Major risks are summarized below and are by no means exhaustive or comprehensive, and there may be other risks, in addition to those shown below, which are not known to the Group or which may not be material now but could turn out to be material in the future.

Intense Competition

The Group operates in markets and industries which are glut of pricing pressure, loss of market share, and increased promotional, marketing and customer acquisition expenditures. The Group has operated in this extremely competitive landscape for the last three years. If we do not response timely to our competitors, our costs may increase and the customer demand for our services may decline and our revenue would decrease continuously.

Services Provider

The Group is a MVNO which provides mobile telecommunications services but does not own nor control its own mobile telecommunications infrastructure and has to rely on the services provided by several third party telecommunications service providers. The quality of services and stability of operating facilities provided and managed by the Group's telecommunications service providers could have material influence on the operations of the Group. Any termination or discontinuation of services or any faulty or defective services provided by such service providers, including but not limited to network or operating system disconnection of the Group caused by insufficient resources or capacity, decline in the speed of network connection between the Group and its telecommunications service providers, failure to sustain the operations of networks and servers, or failure to resolve such problems promptly, would reduce the satisfaction of the Group's customers, which would materially and adversely affect the Group's operation and financial performance.

The Group has been outsourcing its data processing and billing management services, its telesales dealership services, customer hotline services to connected persons of the Group. Any faulty or unsatisfactory services provided by the Group's service providers could materially and adversely affect the Group's operation, customer satisfaction and financial performance.

Nevertheless, we have developed long-standing relationships with our service providers so as to minimize the impact from any disruptions or discontinuation of services.

Information System/Technology

The Group is dependent on information technology systems and networks. The stability of the Group's services depends upon the ability to protect its telecommunications system and equipment against damage from human error, power loss, telecommunications failure, sabotage, hackers and similar events. Any material disruption or slowdown of our IT systems, including a disruption or slowdown caused by our failure to successfully upgrade our systems, system failures, viruses or cyber-attacks could cause a loss of data or operation interruption. Therefore, we invest continuously in our IT system so as to keep up with the technology security and availability and integrity of critical operation data.

Growth Strategy

The Group seeks to expand its operations overseas. This increases its exposure to multiple and occasionally conflicting regulatory regimes. The Group's lack of familiarity with such overseas markets, in particular the lack of clarity in, and interpretation of, continuously changing laws and regulations increases the risk of the Group's ability to successfully operate in such markets. In addition, the Group will develop its business both organically and through new business combinations, strategic investments and acquisitions. If market conditions change or for any other reason, the Group may decide to delay, modify or forgo some aspects of its growth strategy.

Cyber Security

The Group processes large amounts of customer data, personal information and other sensitive commercial data which are susceptible to cyber threats. If the Group suffers data security breaches or cyber-attacks which interrupt its operations, the Group's operations, financial performance and reputation may be adversely affected.

Financial

The Group is exposed to financial risks, such as, credit risks, interest rate risks, foreign currency risks and liquidity risks. The Group reviews regularly and manages its capital structure to maintain a sound capital position. A significant portion of the Group's trade receivables and deposits in banks is denominated in foreign currency i.e. Renminbi ("RMB"). The Group currently does not have hedging policy in respect of the foreign currency risk. Nevertheless, the Group has continuously evaluated and monitored the fluctuation of RMB and may consider entering into forward contracts in order to manage its exposure to adverse fluctuations in foreign currency exchange rate. For details of the Group's financial management policies and strategies in managing these financial risks, please refer to note 18 to the consolidated financial statements.

Macroeconomic Environment

The slowdown in global economies or deterioration of global financial markets may result in negative changes in the business environment and decline in demand for the Group's services. It is therefore important that the Group is aware of any such changes of economic environment and adjust its business plan under different market conditions.

People

The Group's success is attributable to the highly skilled and qualified managerial, sales, marketing, administrative, operating, and technical personnel. Any departure of key officers or employees, or the inability to recruit the replacement personnel with equivalent qualifications timely, could materially and adversely affect the Group's operations and prospects.

Besides, discussions on the Group's environmental policies, performance, compliance with relevant laws and regulations and key relationships with its stakeholders which have a significant impact on the Group are provided in the paragraphs below.

Environmental Policies, Performance and Compliance with Laws and Regulations

We are committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. We also require factories of our suppliers to operate in strict compliance with the relevant environmental regulations and rules and possess all necessary permission and approval from the relevant regulators.

The Group has complied with relevant laws including, among others, the Telecommunications Ordinance (Cap.106), the Trade Descriptions Ordinance (Cap. 362), the Personal Data (Privacy) Ordinance (Cap. 486) and the regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution and thus it has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

Key Relationships with Employees, Customers, Distributors and Suppliers

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety. The Group wants to continue to be an attractive employer for committed employees and purpose to adopt a new share option scheme to recognise and reward the contribution of the employees to the growth and development of the Group.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

We sell our services to end customers mainly through third-party distributors. We work with our distributors like we are business partners and share common view for upholding our brand value, specifically focusing on attracting and retaining customers so as to drive revenue growth. We require our distributors to comply with our distribution policies including but not limited to product selling price and promotional activities. Besides, we also monitor the repayment history, sales performance and financial condition of our distributors.

The Group has developed long-standing and good relationships with its suppliers and conducts a fair and strict appraisal including track record, experience, reputation and quality control effectiveness of its suppliers on an annual basis.

FINANCIAL INFORMATION

Financial Summary

A summary of the consolidated statement of profit or loss and other comprehensive income and the assets and liabilities of the Group for the last five financial years is set out on page 84 of this report.

Results and Dividends

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, page 41 of this report.

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

Major Customers and Major Suppliers

For the year ended 31 December 2015, the revenue attributable to the largest customer and the five largest customers accounted for approximately 39.2% and approximately 44.7% of the Group's revenue respectively.

For the year ended 31 December 2015, purchases from the largest supplier and the five largest suppliers accounted for approximately 43.9% and approximately 86.9% of the Group's total purchases respectively.

None of the Directors, or any of their respective associates, or any shareholders (whom to the knowledge of the Directors own more than 5% of the issued share capital of the Company), had any interests in any of the Group's five largest customers or five largest suppliers during the year.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 17 to the financial statements.

Unlisted Warrants

On 30 April 2014, the Company entered into a warrant subscription agreement (the "Warrant Subscription Agreement") with JD Edward Asset Management Company Limited, an independent third party (the "Subscriber") in relation to the subscription of a total of 200,000,000 unlisted warrants (the "Warrant(s)") by the Subscriber at the issue price of HK$0.01 per unit of Warrants (the "Warrant Subscriptions"). The Warrants entitled the Subscriber to subscribe in cash for in aggregate of 200,000,000 shares in the Company at the subscription price of HK$0.1648 per new share (subject to anti-dilutive adjustment) for a period of 60 months commencing from the date of issue of the Warrants. On 29 May 2014, the conditions set out in the Warrant Subscription Agreement have been fulfilled and completion of the Warrant Subscriptions took place. The net proceeds from the Warrant Subscriptions (after expenses of approximately HK$346,000) were approximately HK$1,654,000. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 3 June 2015, a specific mandate was given to the directors of the Company to allot and issue new Shares (subject to adjustment) upon exercise of subscription rights attaching to the Warrants. On 23 June 2015, the Company completed a bonus issue on the basis of two bonus shares for every one held by the existing shareholders ("Bonus Issue"). As a result of the Bonus Issue, the subscription price for such warrant shares and the number of warrant shares to be issued and allotted upon exercise of the subscription rights attached to the Warrants shall be adjusted from HK$0.1648 to HK$0.0549 and from 200,000,000 Shares to 600,000,000 Shares respectively. At as the date of this report, no Warrants have been exercised and the Company has not utilised any of the net proceeds.

Reserves

Details of movements in reserves of the Company and the Group during the year are set out in note 17 to the financial statements and the consolidated statement of changes in equity respectively.

Distributable Reserve and Share Premium

According to the articles of association of the Company and the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, after passing the review of debt paying ability of the Group, the share premium account can be attributed to shareholders. As at 31 December 2015, the Company had reserves of approximately HK$31,832,000 (31 December 2014: approximately HK$54,333,000) available for distribution to equity shareholders of the Company.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group are set out in note 10 to the financial statements.

Connected Transactions

On 23 November 2015, Directel Communications Limited ("Directel Communications"), an indirect wholly-owned subsidiary of the Company entered into technology development agreements (the "Technology Development Agreements") with Xiamen Elite Electric Company Limited ("Xiamen Elite"), an indirect wholly-owned subsidiary of International Elite Ltd. ("IEL"), pursuant to which Directel Communications entrusted Xiamen Elite to research and develop the OTA Card based on CA-SIM and RF-SIM technology and the application programming interface for the "One Card Multiple Number" for Directel Communications with aggregate consideration of RMB3,500,000 (equivalent to approximately HK$4,241,000).

As Mr. Li Kin Shing is a director and controlling shareholder (as defined in the Listing Rules or the GEM Listing Rules) (as the case may be) of both the Company and IEL, Xiamen Elite and Directel Communications are connected persons of the Company under Chapter 20 of the GEM Listing Rules. The transactions contemplated under the Technology Development Agreements thus constituted connected transactions of the Company.

As the percentage ratios (other than the profits ratio) applicable to the Company exceeds 5% but is less than 25% and the total consideration is less than HK$10,000,000, the transactions contemplated under the Technology Development Agreements were subject to reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

For details, please refer to the Company's announcement dated 23 November 2015 and note 20 to the financial statements.

Continuing Connected Transactions

For the year ended 31 December 2015, approximately HK$1,033,000 under the category of the services provided by related parties and approximately HK$996,000 under the category of the rental of properties from related parties as disclosed in note 20 to the financial statements fell under the definition of continuing connected transactions under Chapter 20 of the GEM Listing Rules. Details are disclosed in note 20 to the financial statements.

Continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders' approval requirements

A. Service agreement between China-Hongkong Telecom Limited ("China-HK Telecom") and China Elite Information Technology Ltd. in respect of data processing and billing management services.

B. Licence agreement between China-HK Telecom and Directel Limited in respect of RF-SIM.

C. Tenancy agreement between the Company and Talent Information Engineering Co., Limited in respect of the Company's office in Hong Kong.

D. Service agreement between China-HK Telecom and International Elite Limited – Macao Commercial Offshore in respect of development and maintenance of Company's website.

E. Service agreements

1. Service agreement between Elitel Limited and International Elite Limited - Macao Commercial Offshore (novated from its affiliated company, PacificNet Communications Limited - Macao Commercial Offshore ("PacificNet Communications"), on 1 October 2011) in respect of built-in secretary ("BIS") services; and

2. Service agreement between China-HK Telecom and International Elite Limited – Macao Commercial Offshore (novated from its affiliated company, PacificNet Communications, on 1 October 2011) in respect of BIS and customer hotline services.

F. Service agreement between China-HK Telecom and International Elite Limited – Macao Commercial Offshore (novated from its affiliated company, PacificNet Communications, on 1 October 2011) in respect of telesales services.

The continuing connected transactions as referred to in paragraphs E and F fell under the category of continuing connected transactions exempt from the independent shareholders' approval requirements during the three years ended 31 December 2012. Upon their renewal on 12 December 2012 and 24 December 2015, these continuing connected transactions as referred to in paragraphs E and F fell under the category of de minimis transactions and are therefore exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

Details of the above connected transactions are disclosed in note 20 to the financial statements and the Prospectus.

The Directors confirm that the Group has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2015 and up to the date of this report.

THE PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to issue new shares on a pro-rata basis to existing shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 9 May 2016 to Wednesday, 11 May 2016, both days inclusive. In order to ascertain the members' entitlement to the attendance of the forthcoming annual general meeting of the Company, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 6 May 2016.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Chairman and Non-executive Directors

Li Kin Shing (李健誠)

Executive Directors

Pang Kwok Chau (彭國洲) (Chief Executive Officer)
Li Wang (李宏)

Non-executive Directors

Wong Kin Wa (黃建華)

Independent Non-executive Directors

Chen Xue Dao (陳學道)
Chu, Howard Ho Hwa (朱賀華)
Lee Man Yee, Maggie (李敏怡)

In accordance with the Company's articles of association, Mr. Li Wang, Mr. Li Kin Shing and Mr. Chen Xue Dao shall retire by rotation at the forthcoming annual general meeting of the Company, and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Confirmation of Independence

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

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company. The terms and conditions of each of such service agreements are similar in all material aspects and are briefly described as follows:

(a) Each service contract is for an initial term of three years commencing on 1 May 2010. On 30 April 2013, each of the executive Directors has entered into a renewal of service contract with the Company for a term of 3 years commencing on 1 May 2013. Each of these service contracts may be terminated by either party thereto giving to the other not less than three months' prior notice in writing.

(b) The annual remuneration (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) payable to Mr. Pang Kwok Chau and Mr. Li Wang under their respective service agreements shall be approximately HK$652,000 and HK$228,000 respectively.

(c) Each of the executive Directors is entitled to a management bonus, the amount of which is determined with reference to the operating results of the Group and the performance of the executive Director; and

(d) Each of the executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and management bonus payable to himself.

Each of the non-executive Directors has entered into a service agreement with the Company. The terms and conditions of each of such service agreements are similar in all material aspects and are briefly described as follows:

(a) Each service contract is for an initial term of three years commencing on 1 May 2010. On 30 April 2013, each of the non-executive Directors has entered into a renewal of service contract with the Company for a term of 3 years commencing on 1 May 2013. Each of these service contracts may be terminated by either party thereto giving to the other not less than three months' prior notice in writing.

(b) The annual director's fee payable to Mr. Li Kin Shing and Mr. Wong Kin Wa under their respective service agreements shall be HK$80,000 and HK$80,000 respectively.

(c) Each of the non-executive Directors is entitled to a management bonus, the amount of which is determined with reference to the operating results of the Group and the performance of the non-executive Director.

(d) Each of the non-executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and management bonus payable to himself.

Each of the independent non-executive Directors has entered into a service agreement with the Company under which each of them agreed to act as independent non-executive Director for a period of three years, commencing on 1 June 2010, unless terminated in accordance with the terms and conditions specified therein. On 31 May 2013, each of the independent non-executive Directors has entered into a renewal of service contract with the Company for a term of 3 years commencing on 1 June 2013. The annual director's fee payable to Mr. Chen Xue Dao, Mr. Chu, Howard Ho Hwa and Ms. Lee Man Yee, Maggie under their respective service agreements shall be HK$80,000, HK$80,000 and HK$80,000 respectively.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service agreement which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

Contract of significance

Save for the service contracts of the Directors and the contracts under the paragraph named "Connected Transaction" and "Continuing Connected Transaction" as disclosed above and note 20 to the financial statements, no contract of significance in relation to the Group's business to which the Company, its subsidiaries and controlling shareholders and their controlled entities was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review.

DIRECTORS AND SENIOR MANAGEMENT

The brief biographical details of Directors and senior management are set out in pages 36 to 38 of this report.

Emolument Policy

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management having regard to the Group's operating results, individual performance and comparable market practices.

Directors' Emoluments and Five Employees with Highest Emolument

Details of directors' emoluments and five employees with highest emolument are set out in note 7 and note 8 to the financial statements.

No emoluments have been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2015 (2014: Nil). No Director waived or agreed to waive any emoluments during the year ended 31 December 2015 (2014: Nil).

During the year ended 31 December 2015, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

Staff Contribution Retirement Schemes

The amounts of contributions and details of the Group's defined contribution retirement schemes are set out in note 5(a) to the financial statements.

SHARE INTERESTS

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

As at 31 December 2015, so far as it is known to the Directors, the Directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the Securities and Futures Ordinance (the "SFO"), which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules:

(i) Long position in shares of the Company:

Name of Director	Nature of Interest/ Capacity	Number of Ordinary Shares	Approximate Percentage of Shareholding
Mr. Li Kin Shing	Interest of controlled corporation	2,088,750,000 *(Note)*	67.11%
	Beneficial owner	101,250,000	3.25%
Mr. Pang Kwok Chau	Beneficial owner	30,000,000	0.96%
Mr. Wong Kin Wa	Beneficial owner	30,000,000	0.96%

Note: The 2,088,750,000 shares are owned by New Everich Holdings Limited ("New Everich") which is owned by Mr. Li Kin Shing and Ms. Kwok King Wa as to 54% and 46% respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 2,088,750,000 shares under the SFO.

(ii) Long position in New Everich, an associated corporation of the Company:

Name of Director	Nature of Interest/Capacity	Approximate Percentage of Shareholding
Mr. Li Kin Shing	Beneficial owner	100.00%

Note: New Everich is owned as to 54% and 46% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 100% interests in New Everich under the SFO.

Save as disclosed above, as at 31 December 2015, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

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

As at 31 December 2015, so far as it is known to the Directors, the persons (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long position in shares of the Company:

Name	Nature of Interest/ Capacity	Number of Ordinary Shares	Approximate Percentage of Shareholding
New Everich	Beneficial owner	2,088,750,000	67.11%
Ms. Kwok King Wa	Interest of controlled corporation	2,088,750,000 *(Note 1)*	67.11%
	Interest of spouse	101,250,000 *(Note 2)*	3.25%

Notes:

(1) The 2,088,750,000 shares are owned by New Everich which is owned by Mr. Li Kin Shing and Ms. Kwok King Wa as to 54% and 46% respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 2,088,750,000 shares under the SFO.

(2) Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 101,250,000 shares under the SFO.

Save as disclosed above, as at 31 December 2015, so far as it is known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

COMPETING INTERESTS

During the year ended 31 December 2015, save as disclosed below, none of the Directors or controlling shareholders of the Company nor their respective associates is considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

Directel Limited, a company incorporated in the Cayman Islands, is held as to 50% and 50% by Mr. Li Kin Shing, a non-executive Director, the chairman of the Company, a controlling shareholder and a substantial shareholder of the Company, and Ms. Kwok King Wa, a controlling shareholder and a substantial shareholder of the Company and the spouse of Mr. Li Kin Shing, respectively. According to the GEM Listing Rules, Directel Limited is an associate of Mr. Li Kin Shing and Ms. Kwok King Wa and thus a connected person.

Directel Limited is the legal and beneficial owner of the RF-SIM intellectual property rights in Hong Kong and Macau. Further, Directel Limited is the licensee of the operation rights of RF-SIM in markets other than the PRC in addition to its owned RF-SIM intellectual property rights in Hong Kong and Macau and it has the right to grant licences of the operation rights of RF-SIM intellectual property rights to others in markets other than the PRC. There is a risk that such services provided by Directel Limited may compete with the services provided by the Group as Directel Limited is expected to grant licences of the operation rights of RF-SIM intellectual property rights in other regions in the future.

International Elite Ltd. ("IEL") is a company incorporated in the Cayman Islands and a listed company on the Main Board of the Stock Exchange with Mr. Li Kin Shing and Ms. Kwok King Wa as controlling shareholders. According to the GEM Listing Rules, IEL is an associate of Mr. Li Kin Shing and Ms. Kwok King Wa and thus a connected person. Sunward Telecom Limited ("Sunward Telecom") and its wholly-owned subsidiaries (collectively, the "Sunward Group") are wholly-owned subsidiaries of IEL. The Sunward Group, as a whole, is principally engaged in (i) the research and development, production and sales of RF-SIM products; (ii) licensing of the RF-SIM operations rights in markets other than Hong Kong and Macau; and (iii) research and development and technology transfer of CA-SIM application rights to customers.

The Directors confirm that as China-Hongkong Telecom Limited, a wholly-owned subsidiary of the Company, has obtained the exclusive licence of the operation rights of RF-SIM intellectual property rights in Hong Kong and Macau and since the services provided by the Group are mainly in Hong Kong and Macau, there will be no direct competition between the services provided by Directel Limited, which are in territories other than the PRC, Hong Kong and Macau. There will also be no direct competition between the services provided by IEL, which its strategy is to concentrate on the application of the RF-SIM intellectual property rights in the PRC. Nevertheless, Mr. Li Kin Shing, Ms. Kwok King Wa and Directel Limited (as Covenantors) executed a deed of non-competition undertaking in favour of the Company on 24 May 2010 pursuant to which the Covenantors have undertaken to the Company inter alia, that (i) the Covenantors shall not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on his/her/its own account or with each other or in conjunction with or on behalf of any person or company, any business which will or may compete with the RF-SIM business of the Group in Hong Kong and Macau; and (ii) in the event the Covenantors or their associates were given any business opportunities that is or may involve in direct or indirect competition with the business of the Group, the Covenantors shall assist the Company in obtaining such business opportunities in the terms being offered to the Covenantors, or more favourable terms being acceptable to the Company.

DIRECTORS' REPORT

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme in the written resolutions of the shareholders of the Company passed on 20 May 2010 (the "Share Option Scheme"). The Share Option Scheme became effective on 20 May 2010 and remained in force for 5 years until 19 May 2015. The Company shall adopt a new share option scheme in the forthcoming annual general meeting.

The Company did not grant or cancel any options under the Share Option Scheme any time during the year, and as at 31 December 2015, there was no outstanding share option under the Share Option Scheme.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the year ended 31 December 2015, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any share of the Company.

CORPORATE GOVERNANCE

The corporate governance report adopted by the Company is set out in pages 25 to 35 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the year ended 31 December 2015 and as at the date of this report.

AUDITORS

KPMG will retire and being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the said meeting.

On behalf of the Board

Li Kin Shing
Chairman

Hong Kong, 29 March 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. During the year ended 31 December 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 to the GEM Listing Rules except for the deviations from code provision A.6.7 which are explained as follows:

In accordance with provision A.6.7 of the Corporate Governance Code, all independent non-executive Directors and non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to conflicting business schedule, Mr. Chu, Howard Ho Hwa, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 7 May 2015.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by directors in securities of the Company. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the adopted code of conduct regarding securities transactions by directors.

BOARD OF DIRECTORS

The Company is governed by the Board, which is responsible for overseeing the overall strategy and development of the Company, as well as monitoring the internal control policies, succession planning, risk management, significant acquisitions, evaluating the financial performance of the Group and other significant operational and financial issues. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the shareholders value. The Board delegates to the Company's management the following duties: preparation of financial statements for the Board's review before their publication, formulation of business execution strategy, definition and enforcement of company policies, implementation of adequate internal control systems, and compliance with the relevant laws and regulations.

The Board currently comprises two executive Directors, two non-executive Directors and three independent non-executive Directors ("INEDs"). The composition of the Board is set out as follows:

Executive Directors
Mr. Pang Kwok Chau (彭國洲) (Chief Executive Officer)
Mr. Li Wang (李宏)

Non-executive Directors
Mr. Li Kin Shing (李健誠) (Chairman)
Mr. Wong Kin Wa (黃建華)

Independent Non-executive Directors
Mr. Chen Xue Dao (陳學道)
Mr. Chu, Howard Ho Hwa (朱賀華)
Ms. Lee Man Yee, Maggie (李敏怡)

The term of appointment of the Directors are set out in pages 19 to 20 of this report and the biographical details of the Directors are set out in pages 36 to 37 of this report.

Save that Mr. Li Kin Shing, the chairman and a non-executive Director is the brother of Mr. Li Wang, there are no relationships (including financial, business, family or other material or relevant relationships) among other members of the Board.

In compliance with Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules, the Company has appointed sufficient number of INEDs (representing at least one-third of the Board) with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Director, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards and that appropriate systems are in place to protect the interest of the Company and its shareholders. The Company has received an annual confirmation of independence from each of the INEDs and considers that their independence is in compliance the GEM Listing Rules as at the date of this report.

The term of appointment of each non-executive director and independent non-executive director is for a period of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

In accordance with the articles of association of the Company, at each AGM one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service agreement which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

Board meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. Notice of regular Board meeting are duly given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors information on activities and development of the businesses of the Group. The company secretary records the proceedings of each Board meeting by keeping minutes, including the record of all decisions by the Board together with concerns raised and dissenting views expressed (if any). Draft of Board minutes are circulated to all Directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director.

During the year ended 31 December 2015, the Board held six meetings. The attendances of individual at these Board meetings were as follows:

Name of Directors	Number of Meetings Attended
Mr. Li Kin Shing (李健誠) (Chairman and Non-Executive Director)	6/6
Mr. Pang Kwok Chau (彭國洲) (Executive Director and Chief Executive Officer)	6/6
Mr. Li Wang (李宏) (Executive Director)	6/6
Mr. Wong Kin Wa (黃建華) (Non-Executive Director)	6/6
Mr. Chu, Howard Ho Hwa (朱賀華) (Independent Non-Executive Director)	6/6
Mr. Chen Xue Dao (陳學道) (Independent Non-Executive Director)	6/6
Ms. Lee Man Yee, Maggie (李敏怡) (Independent Non-Executive Director)	6/6

Each Director ensures that he/she can give sufficient time, commitments and attention to the affairs of the Company for the year.

The list of Directors and their role and function are published on the websites of The Stock Exchange and the Company.

Pursuant to the code provision A.1.8 of the CG Code, appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company arising out of corporate activities of the Group has been arranged by the Company.

DIRECTORS' TRAINING

As part of an ongoing process of directors' training, the Directors are updated with latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all Directors. All Directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training. Continuing briefings and professional development to Directors will be arranged whenever necessary.

Pursuant 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. This is to ensure that their contribution to the board remains informed and relevant. During the year and up to the date of this report, all Directors have participated in appropriate continuous professional development activities either by attending training courses or self-reading which are relevant to the Company's business or to the Directors' duties and responsibilities. The participation by individual director during the year ended 31 December 2015 is recorded in the table below.

Name of Directors	Attending (Note)
Executive Directors	
Mr. Pang Kwok Chau (彭國洲)	√
Mr. Li Wang (李宏)	√
Non-executive Directors	
Mr. Li Kin Shing (李健誠)	√
Mr. Wong Kin Wa (黃建華)	√
Independent Non-executive Directors	
Mr. Chu, Howard Ho Hwa (朱賀華)	√
Mr. Chen Xue Dao (陳學道)	√
Ms. Lee Man Yee, Maggie (李敏怡)	√

Note:

- seminar(s)/course(s)/conference(s)/forums relevant to the business or directors' duties and responsibilities:
- reading newspaper, journals, regulatory updates and relevant materials

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of the Chairman and Chief Executive Officer are segregated and are held by Mr. Li Kin Shing and Mr. Pang Kwok Chau respectively to ensure their respective independence, accountability and responsibility. The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the Chief Executive Officer takes the lead in the Group's operations and business development. There is a clear division of responsibilities between the Chairman and Chief Executive Officer which provides a balance of power and authority.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders and Directel Limited (collectively, the "Covenantors" and each a "Covenantor") entered into a deed of non-competition undertaking with the Company on 24 May 2010 pursuant to which each of the Covenantors has, jointly and severally, among other things, irrevocably and unconditionally undertaken with the Company that at any time during the Relevant Period (as defined below), each of the Covenantors shall:

(i) not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on his/her/its own account or with each other or in conjunction with or on behalf of any person or company, any business which will or may compete with the business then engaged and from time to time engaged by the Group in any territory, saved and except for the RF-SIM business in any territories outside Hong Kong and Macau (the "Restricted Business");

(ii) take all possible actions (including any acts and omissions) to procure that his/her/its associates (other than members of the Group) not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on his/her/its own account or with each other or in conjunction with or on behalf of any person or company, the Restricted Business;

(iii) not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on his/her/its own account or with each other or in conjunction with or on behalf of any person or company, any business which will or may compete with the RF-SIM business of the Group in Hong Kong and Macau;

(iv) take all possible actions (including any acts and omissions) to procure that his/her/its associates (other than members of the Group) shall not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on its own account or with each other or in conjunction with or on behalf of any person or company, any business which will or may compete with the RF-SIM business of the Group in Hong Kong and Macau; and

(v) not, and procure that his/her/its associates (other than members of the Group) not, for the purpose of competing with the business then engaged and from time to time engaged by the Group, to solicit or endeavor to cause any employee, former employee, or then existing employee of the Company and the members of the Group to work for the Covenantors or his/her/its associates (other than members of the Group); and shall not, without the Company's consent, make use of any information pertaining to the business of the Group which may have come to his/her/its knowledge in his/her/its capacity, as the case may be, as the controlling shareholders or his/her/its associates.

The above restrictions do not apply in the following cases:

(i) each of the Covenantors and his/her/its associates (excluding members of the Group) may hold securities of any company which conducts or is engaged in any Restricted Business provided that (a) such securities are listed on a recognised stock exchange (as defined in the SFO); and (b) the aggregate number of securities held by the Covenantors and their respective associates (excluding members of the Group) do not exceed 5% of the issued shares of such company;

(ii) each of the Covenantors and his/her/its associates (excluding members of the Group) may invest in the Group; and

(iii) the interests of Mr. Li Kin Shing and Ms. Kwok King Wa, jointly and/or severally, in Directel Limited. The Company agreed that each of Mr. Li Kin Shing and Ms. Kwok King Wa may continue to hold such interests in Directel Limited.

Under the deed of non-competition undertaking, the Covenantors further undertake to the Company the following:

(i) the Covenantors shall allow, and shall procure that the relevant associates (excluding members of the Group) to allow, the Directors and the Company's auditors to have access to such financial records of such Covenantors and/or their respective associates as may be necessary for the Company to determine whether the terms of the deed of non-competition have been complied with;

(ii) the Covenantors shall allow, and shall procure that their associates (excluding members of the Group) to allow, the independent non-executive Directors to review, at least on an annual basis, the Covenantors' compliance with the deed of non-competition undertaking and the warrant, preferred warrant or right of first refusal set up by the Covenantors in current or future competitive business activities;

(iii) the Covenantors shall provide all information necessary for the annual review by the independent non-executive Directors in making a fair and reasonable assessment of the Covenantors' compliance with the deed of non-competition undertaking including but not limited to, (i) a list of listed companies in which he/she/it and/or his/her/its associates are beneficially interested or legally holds 5% or more shareholding interest and the nature of business of each of such companies; and (ii) a list of private companies in which he/she/it and/or his/her/its associates beneficially and/or legally holds and the nature of business of each of such companies;

(iv) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to the Company with a declaration annually for inclusion by the Company in its annual report, in respect of their compliance with the terms of the deed of non-competition undertaking and disclose such information in the corporate governance report under the annual report of the Company (any such disclosure would be consistent with the principles of making voluntary disclosures in the corporate governance report);

(v) the Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the deed of non-competition undertaking either through the annual report, or by way of announcements to the public;

(vi) in the event the Covenantors or their associates (excluding members of the Group) were given any business opportunity that is or may involve in direct or indirect competition with the business of the Group, the Covenantors shall assist, and shall procure their relevant associates to assist, the Company in obtaining such business opportunity directly or in the event that such business opportunity relates to the provision of any service(s) which is/are supplementary to the core business of such Covenantors or the relevant associates, by ways of subcontracting or outsourcing in the terms being offered to the Covenantors or the relevant associates, or more favourable terms being acceptable to the Company if the Covenantors give up the business opportunity, it is deemed to give up such business opportunity and the Covenantors cannot involve in the business derived from such business activities; and

(vii) each of the Covenantors agrees to indemnify the Company from and against any and all losses, damages and costs which loss, damage or cost is resulted from any failure to comply with the terms of the deed of non-competition by the Covenantors or any of their respective associates.

For the above purpose, the "Relevant Period" means the period commencing from the date of the deed of non-competition undertaking and shall expire on the earlier of (i) the date on which the Covenantors (together with their respective associates), whether directly or indirectly, cease to be interested in 10% or more of the issued share capital of the Company; and (ii) the date on which the Shares cease to be listed on the Stock Exchange.

The independent non-executive Directors will review, at least on an annual basis, the compliance with the deed of non-competition undertaking by the Covenantors.

BOARD COMMITTEES

The Company has established three Board committees (the "Board Committees"), namely the Audit Committee, the Nomination Committee and the Remuneration Committee to assist the Board in discharging its duties and responsibilities. The Board Committees are provided with sufficient resources to discharge their duties and are able to obtain outside independent professional advice in connection with their duties at the Company's expenses.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") on 20 May 2010 with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee consists of the three independent non-executive Directors, namely, Ms. Lee Man Yee, Maggie, Mr. Chen Xue Dao and Mr. Chu, Howard Ho Hwa. Ms. Lee Man Yee, Maggie is the chairman of the Audit Committee.

During the year under review, the audit committee held four meetings. The attendance record of the meetings is as follows:

Name of Directors	Number of Meetings Attended
Ms. Lee Man Yee, Maggie (李敏怡) (Independent Non-Executive Director)	4/4
Mr. Chu, Howard Ho Hwa (朱賀華) (Independent Non-Executive Director)	4/4
Mr. Chen Xue Dao (陳學道) (Independent Non-Executive Director)	4/4

The primary duties of the Audit Committee are to review the Company's annual report and consolidated financial statements, half-yearly report and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control of the Group.

During the year of 2015, the audit committee has (i) reviewed the quarterly and half-yearly results; (ii) reviewed the accounting policies adopted by the Group and issues related to accounting practice; (iii) met with external auditors to discuss on issues arising from the audit and financial reporting matters and reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement; and (iv) assisted the Board to evaluate on the effectiveness of financial reporting procedure and internal control.

The Group's audited results for the year ended 31 December 2015 have been reviewed by the Audit Committee and which was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

Auditors' Remuneration

For the year ended 31 December 2015, the remuneration paid/payable to the external auditors in respect of audit services amounted to approximately HK$881,000 (2014: approximately HK$887,000), and non-audit services assignment amounted to approximately HK$84,000 (2014: approximately HK$86,000) which includes remuneration paid/payable to KPMG for the provision of tax compliance and advisory services.

NOMINATION COMMITTEE

The Company has established a nomination committee on 20 May 2010 with written terms of reference. The nomination committee comprises one executive Director namely Mr. Pang Kwok Chau and two independent non-executive Directors namely Ms. Lee Man Yee, Maggie and Mr. Chen Xue Dao. Ms. Lee Man Yee, Maggie has been appointed as the chairman of the nomination committee.

The nomination committee follows a formal, fair and transparent procedure for the appointment of new directors to the Board. The nomination committee reviews the structure, size and composition of the Board, identifies suitably qualified candidates to become Board members and select or make recommendations to the Board on the selection of candidates nominated for directorships and succession planning for directors, and accesses the independence of independent non-executive directors. During this process, the nomination committee considers candidates based on merit and with due regard to the benefits of diversity on the Board. The nomination committee also took into consideration the criteria such as skills, experience, professional knowledge and the Company's needs when considering new director appointments. The terms of reference of the nomination committee have been uploaded to the website of the Stock Exchange and the Company.

The Directors held a meeting on 29 March 2016 for the nominations of Directors. The attendance record of the meeting is as follows:

Name of Directors	Number of Meetings Attended
Mr. Pang Kwok Chau (彭國洲) (Executive Director and Chief Executive Officer)	1/1
Mr. Chen Xue Dao (陳學道) (Independent Non-Executive Director)	1/1
Ms. Lee Man Yee, Maggie (李敏怡) (Independent Non-Executive Director)	1/1

In the latest meeting, the nomination committee members considered and passed resolutions recommending that all the Directors shall be retained. In addition, resolutions were passed pursuant to the articles of association of the Company, and subject to the proposed arrangement being passed at the forthcoming annual general meeting, that Mr. Li Wang, Mr. Li Kin Shing and Mr. Chen Xue Dao will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Furthermore, the nomination committee has reviewed the annual confirmation of independence submitted by the independent non-executive Directors, assessed their independence and reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board.

The Board had adopted a board diversity policy for maintaining a balance of skills, experience and diversity of perspectives on the Board, which are appropriate to the requirements of the Company's business.

The following is a summary of the board diversity policy:

- reviewing and assessing the composition of the Board to maintain an appropriate range and balance of talents, skills, experience and background on the Board;
- recommending candidates for appointment to the Board by considering merit against objective criteria and with due regard for the benefits of diversity on the Board; and
- conducting the annual review of the effectiveness of the Board by considering the balance of talents, skills, experience, independence and knowledge of the Board and the diversity of the Board.

The achievement of these criteria will be measurable on an objective review, which can enhance the diversity of background and experience of individual directors and the effectiveness of the Board in promoting shareholders' interests.

REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in compliance with the CG Code as set out in Appendix 15 of the GEM Listing Rules. The remuneration committee comprises one non-executive Director, namely, Mr. Li Kin Shing and two independent non-executive Directors, namely Mr. Chen Xue Dao and Ms. Lee Man Yee, Maggie. Ms. Lee Man Yee, Maggie has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

Remuneration committee held a meeting on 29 March 2016. The attendance record of the meeting is as follows:

Name of Directors	Number of Meetings Attended
Mr. Li Kin Shing (李健誠) (Non-Executive Director)	1/1
Ms. Lee Man Yee, Maggie (李敏怡) (Independent Non-Executive Director)	1/1
Mr. Chen Xue Dao (陳學道) (Independent Non-Executive Director)	1/1

Remuneration committee members have considered, reviewed and made recommendations to the Board on the remuneration policy and structure of the Company and the terms of service contracts of all Directors and senior management. The remuneration committee members are of the opinion that the provisions of the service contracts of all Directors and senior management are fair.

Details of directors' emoluments and five employees with highest emolument are set out in note 7 and note 8 to the financial statements.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2015 is set out below:

In the band of	Number of individuals
HK$Nil – HK$1,000,000	10

CORPORATE GOVERNANCE FUNCTIONS

The Board has delegated the corporate governance functions to the Audit Committee with the following duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- to report to the Board on the corporate governance matters.

INTERNAL CONTROL

The Board recognises the importance of maintaining an adequate and effective internal control system to safeguard the Group's assets against unauthorised use of disposition, and to protect the interests of shareholders of the Company. The Board assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal control system.

The Board has conducted an annual review of its system of internal control to ensure the effective and adequate internal control system of the Group. The Board convened meeting periodically to discuss financial, operational and risk management control. The Directors are of the opinion that internal controls at present have been valid and adequate.

COMPANY SECRETARY

Ms. Chan Wai Ching was appointed as the company secretary of the Company since 6 August 2009. The biographical details of Ms. Chan is set out in the section of Profile of Directors and Senior Management on page 38 of this report. Up to the date of this report, Ms. Chan has undertaken not less than 15 hours of relevant professional training to update her skill and knowledge.

INVESTOR RELATIONS

The Board recognises the importance of good communications with all shareholders. The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investors.

The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly report and notices, announcements and circulars. The corporate website of the Company (www.directel.hk) provides a communication platform to the public and the shareholders.

The attendance record of members of the Board to the annual general meeting held on 7 May 2015 and the extraordinary general meeting held on 3 June 2015 are as follows:

Name of Directors	Attendance/Number of meetings held
Mr. Li Kin Shing (李健誠) (Chairman and Non-Executive Director)	2/2
Mr. Pang Kwok Chau (彭國洲) (Executive Director and Chief Executive Officer)	2/2
Mr. Li Wang (李宏) (Executive Director)	2/2
Mr. Wong Kin Wa (黃建華) (Non-Executive Director)	2/2
Mr. Chu, Howard Ho Hwa (朱賀華) (Independent Non-Executive Director)	1/2
Mr. Chen Xue Dao (陳學道) (Independent Non-Executive Director)	2/2
Ms. Lee Man Yee, Maggie (李敏怡) (Independent Non-Executive Director)	2/2

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

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 64 of the articles of association of the Company, extraordinary general meetings of the Company (the "EGM(s)") shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

Shareholders may at any time make enquiries to the Board or make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West.

Putting forward proposals at shareholders' meeting

The procedures for shareholders to put forward proposals at general meeting include a written notice of proposals being submitted by shareholders, addressed to the Company Secretary of the Company at our head office. Specific enquiries by shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's head office. Other general enquiries can be directed to the Company through the Company's website.

FINANCIAL REPORTING

The Directors are responsible for the preparation of the financial statements for each financial year, which give a true and fair view of the financial position and operating results of the Group. The auditors are responsible to form an independent opinion based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Li Kin Shing (李健誠), aged 58, is the chairman and a non-executive Director. Mr. Li has over 26 years of experience in the telecommunications industry. Mr. Li is the chairman, an executive director and chief executive officer of International Elite Ltd., a company listed on the Main Board and controlled by Mr. Li and his spouse Ms. Kwok King Wa. Mr. Li was the chief executive officer and president of ChinaCast Education Corporation, a limited liability company incorporated in the State of Delaware, US, whose shares are displayed on the Over the Counter Bulletin Board when he resigned from these positions on 2 February 2007 following the acquisition of ChinaCast Education Corporation by an Independent Third Party, in December 2006. Mr. Li has confirmed that there were no disagreements between Mr. Li and ChinaCast Education Corporation on any matter relating to the ChinaCast Education Corporation's operations, policies or practices that resulted in his resignation. ChinaCast Education Corporation is a for-profit, post-secondary education and e-learning services provider in China. Mr. Li is the brother of Mr. Li Wang, the executive Director of the Company. He was appointed as the chairman and non-executive Director on 31 August 2009. Mr. Li is a director of New Everich Holdings Limited, which is interested in 696,250,000 shares of the Company representing 67.11% of the issued share capital of the Company.

EXECUTIVE DIRECTORS

Mr. Pang Kwok Chau (彭國洲), aged 55, is the chief executive officer and an executive Director. He is responsible for the overall marketing strategic planning and direction of the Group. Mr. Pang obtained a craft certificate in radio servicing (無線電修理行業技能證書) after the completion of a two-year part-time evening course from a Technical Institute under the Education Department, Hong Kong in July 1979 immediately following his graduation from secondary school and has over 21 years of experience in the telecommunications industry, especially in international roaming operation. Since joining the Group, Mr. Pang has actively involved in the Group's business of "One Card Multiple Number" service in Hong Kong and the PRC. He has also involved in the Group's overall corporate governance since 2007. Before joining the Group as the general manager in 2001, Mr. Pang served as the manager of China-Hong Kong Telelink Company Limited since 1995. He was appointed as an executive Director on 31 August 2009.

Mr. Li Wang (李宏), aged 45, is the executive Director. He is responsible for the overall management, corporate planning and business development of the Group. Mr. Li has over 12 years of experience in telecommunications industry. Mr. Li worked as a manager of a PRC telecommunications company namely, 廣州天龍信息工程公司 (Guangzhou Talent Information Engineering Company Limited) from 1993 to 1997 and was responsible for the management and promotion of pager and mobile telecommunications services business. Mr. Li then worked as a vice-general manager of 廣東直通電訊股份有限公司 (Guangdong Zhitong Telecommunications Limited) from 1997 to 1999, and gained experience in marketing of telecommunication service business. He also worked as a director of Directel Communications Limited from 1995 to 2000, a director of Target Link Enterprises Limited, a private company engaged in investment of software, from 1997 to 2004 and a director and a legal representative of 廣東直通投資有限公司 (Guangdong Zhitong Investment Ltd.) from 1992 to 2009. He is the brother of Mr. Li Kin Shing, the chairman and non-executive Director of the Company. He was appointed as an executive Director on 31 August 2009.

NON-EXECUTIVE DIRECTOR

Mr. Wong Kin Wa (黃建華), aged 48, is a non-executive Director. Mr. Wong obtained a diploma in auditing from Guangzhou Radio & TV University in 1988. Mr. Wong has over 15 years of finance and marketing experience, in particular in the telecommunications industry in Hong Kong and Macau. Mr. Wong is an executive director and chief financial officer of IEL, a company listed on the Main Board and controlled by Mr. Li Kin Shing and his spouse, Ms. Kwok King Wa. Before joining IEL in 2000, he was the manager of China-Hong Kong Telelink Co., Ltd. from 1997 to 1999. Mr. Wong joined Denway Motors Limited (駿威汽車有限公司) (previously known as Denway Investment Limited), a company listed on the Main Board, as the vice general manager of the Finance Department from 1993 to 1997. He was appointed as a non-executive Director on 31 August 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Xue Dao (陳學道), aged 73, was appointed as an independent non-executive Director on 20 May 2010. Mr. Chen is currently an honorary member of the China Institute of Communications (中國通信學會), honorary chairman of the Guangdong Institute of Communications (廣東省通信學會) and honorary chairman of Guangdong Communication Industry Association (廣東省通信行業協會). Mr. Chen also holds the qualification of a senior engineer at Professor grade and he has been granted the special subsidy by the State Council of the PRC for his prominent contributions to engineering science since 1992. From August 2010 to August 2014, Mr. Chen was an independent director of Eastone Century Technology Holding Co., Ltd. (Guangdong) (廣東宜通世紀科技股份有限公司) (stock code: 300310), a company listed in the Shenzhen Stock Exchange. Mr. Chen is currently an independent non-executive Director of IEL and an independent director of GCI Science & Technology Co., Ltd. (廣州傑賽科技股份有限公司), a company listed in the Shenzhen Stock Exchange with stock code 002544.

Mr. Chu, Howard Ho Hwa (朱賀華), aged 51, was appointed as an independent non-executive Director on 20 May 2010. Mr. Chu has over 15 years of business experience and over 9 years of experience in corporate governance. Mr. Chu is currently the chief executive officer of mReferral Corporation (HK) Limited which is a leading mortgage referral company and is a joint venture of Midland Holdings Limited and Cheung Kong (Holdings) Limited. From March 2012 to June 2012, he was the chief financial officer of China Smart Electric Co. Ltd. From July 2009 to October 2011, he was the chief financial officer of Trony Solar Holdings Company Limited which is a publicly listed company on the Main Board of the Stock Exchange (stock code: 2468). From September 2010 to May 2012, he was an independent non-executive Director of China Kingstone Mining Holdings Limited which is a publicly listed company on the Main Board of the Stock Exchange (stock code: 1380). He has previously worked for Shanghai Century Acquisition Corporation, a company listed on the American Stock Exchange, and United Energy Group Limited, a company listed on the Stock Exchange. He was a director at ABN AMRO Asia Corporate Finance Ltd. and was also a director at the Hong Kong and Shanghai Banking Corporation Ltd. From June 2012 to June 2015, he was an independent non-executive Director of Weichai Power Co. Ltd. which is a publicly listed company on the Main Board of Stock Exchange (stock code: 2338). He obtained a master degree of business administration from the Columbia University and a bachelor degree of science from the University of Rochester in 1990 and 1986 respectively.

Ms. Lee Man Yee, Maggie (李敏怡), aged 45, was appointed as an independent non-executive Director on 20 May 2010. Ms. Lee has over 15 years of accounting, finance, taxation, audit and corporate governance experience and is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Lee obtained a diploma in business administration in the PRC from the Hong Kong Productivity Council.

SENIOR MANAGEMENT

Ms. Chan Wai Ching (陳惠貞), aged 54, joined the Group in 2009 and was appointed as the company secretary of the Company on 6 August 2009. Ms. Chan has over 30 years of experience in accounting, finance, taxation and corporate governance and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Chan holds a master degree of professional accounting from The Hong Kong Polytechnic University. Ms. Chan has been the qualified accountant and company secretary of IEL since June 2007.

Mr. Hui Luen Sing, Anthony (許聯星), aged 49, joined the Group in 2006 and has been the manager of the information technology and network department of the Group since 2006. He is responsible for the overall management and to provide advice on various information technology and network technical issues to the Group. Mr. Hui has more than 25 years of experience in telecommunications industry. Prior joining the Group, Mr. Hui has worked for several telecommunications service providers for over 11 years. Mr. Hui obtained a certificate in electronics from the Vocational Training Council and completed a certificate programme on supervisory of management for managers from The Hong Kong Management Association.

Mr. Li Chi Chung (李智聰), aged 42, joined the Group in 2011 and is the financial manager of the Group. He is responsible for the financial and accounting issues of the Group. Mr. Li has over 14 years of experience in accounting, finance, taxation and corporate governance and is an associate member of the Hong Kong Institute of Certified Public Accountant. Mr. Li holds a bachelor degree of arts in financial management and accounting from the Heriot-Watt University.

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of Directel Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Directel Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 41 to 83, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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.

Independent auditor's report to the shareholders of Directel Holdings Limited (Continued)
(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 the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 *HK$'000*	2014 *HK$'000*
Revenue	3	**15,934**	22,680
Cost of sales		**(18,728)**	(20,324)
Gross (loss)/profit		**(2,794)**	2,356
Other income	4(a)	**2,369**	2,365
Other net loss	4(b)	**(6,528)**	(657)
Administrative and other operating expenses		**(17,212)**	(13,112)
Provision for impairment loss on trade receivables	13(b)	**(11,574)**	(14,322)
Loss before taxation	5	**(35,739)**	(23,370)
Income tax	6(a)	**(301)**	(1,570)
Loss and total comprehensive income for the year attributable to equity shareholders of the Company		**(36,040)**	(24,940)
			(restated)
Loss per share	9		
— Basic and diluted (HK cents)		**(1.16)**	(0.80)

The notes on pages 45 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	10	8,174	4,361
Deposits		102	1,516
Total non-current assets		8,276	5,877
Current assets			
Inventories	12	212	183
Trade receivables	13	13,504	21,415
Other receivables, deposits and prepayments	13	2,477	5,946
Taxation recoverable	16(a)	2,104	1,984
Cash at bank and in hand	14	89,782	112,440
Total current assets		108,079	141,968
Current liabilities			
Payables and accruals	15	11,970	7,654
Taxation payable	16(a)	–	85
Total current liabilities		11,970	7,739
Net current assets		96,109	134,229
Total assets less current liabilities		104,385	140,106
Non-current liabilities			
Deferred tax liabilities	16(b)	1,008	689
Net assets		103,377	139,417
Capital and reserves	17		
Share capital		31,125	10,375
Share premium		46,749	67,499
Warrant reserve		1,654	1,654
Retained earnings		23,849	59,889
Total equity		103,377	139,417

Approved and authorised for issue by the board of directors on 29 March 2016.

Mr. Pang Kwok Chau
Director

Mr. Li Wang
Director

The notes on pages 45 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital HK$'000 Note 17(b)	Share premium HK$'000 Note 17(d)(i)	Warrant reserve HK$'000 Note 17(d)(ii)	Retained earnings HK$'000	Total equity HK$'000
At 1 January 2014	10,375	67,499	—	84,829	162,703
Changes in equity for 2014:					
Issue of unlisted warrants (note 17(c))	—	—	2,000	—	2,000
Expenses attributable to issue of unlisted warrants (note 17(c))	—	—	(346)	—	(346)
Loss and total comprehensive income for the year	—	—	—	(24,940)	(24,940)
At 31 December 2014 and at 1 January 2015	**10,375**	**67,499**	**1,654**	**59,889**	**139,417**
Changes in equity for 2015:					
Issue of bonus shares (note 17(b))	**20,750**	**(20,750)**	**–**	**–**	**–**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**(36,040)**	**(36,040)**
At 31 December 2015	**31,125**	**46,749**	**1,654**	**23,849**	**103,377**

The notes on pages 45 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 *HK$'000*	2014 *HK$'000*
Operating activities			
Loss before taxation		**(35,739)**	(23,370)
Adjustments for:			
Depreciation	5(b)	**999**	884
Provision for impairment loss on trade receivables	5(b)	**11,574**	14,322
Provision for/(Reversal of) write down of inventories	12(b)	**9**	(3)
Interest income	4(a)	**(2,369)**	(2,348)
Operating loss before changes in working capital		**(25,526)**	(10,515)
Change in deposits		**1,414**	(1,516)
Change in inventories		**(38)**	134
Change in trade receivables		**(3,663)**	(5,457)
Change in other receivables, deposits and prepayments		**3,469**	103
Change in payables and accruals		**4,316**	201
Cash used in operations		**(20,028)**	(17,050)
Hong Kong profits tax paid		**(187)**	(604)
Net cash used in operating activities		**(20,215)**	(17,654)
Investing activities			
Interest received	4(a)	**2,369**	2,348
Payment for the purchase of property, plant and equipment	10	**(4,812)**	(137)
Net release of bank deposits with maturity over three months at acquisition	14	**46,205**	27,774
Net cash generated from investing activities		**43,762**	29,985
Financing activities			
Net proceeds from issue of unlisted warrants	17(c)	**–**	1,654
Net cash generated from financing activities		**–**	1,654
Net increase in cash and cash equivalents		**23,547**	13,985
Cash and cash equivalents at beginning of the year	14	**66,235**	52,250
Cash and cash equivalents at end of the year	14	**89,782**	66,235

The notes on pages 45 to 83 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND OF THE COMPANY

Directel Holdings Limited ("the Company") was incorporated in the Cayman Islands on 28 July 2009 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal place of business in Hong Kong is at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong and its registered office is at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company and its subsidiaries (together referred to as "the Group") are principally engaged in provision of telecommunications services.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations, issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as "the Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 22.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

— Annual Improvements to IFRSs 2010-2012 Cycle

— Annual Improvements to IFRSs 2011-2013 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 25). Impacts of the adoption of the new or amended IFRSs are discussed below:

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

(d) Subsidiaries

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date the control ceases.

Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (note 2(g)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (note 2(g)(ii)).

Cost includes expenditures that are directly attributable to the acquisition of an asset.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold improvements — 5 years or the remaining lease term whichever is shorter
- Furniture and fixtures — 5 years
- Facilities equipment — 5 – 8 years
- Office equipment — 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Operating lease charges

Leases of assets under which the lessor has not transferred substantially all the risks and rewards of ownership are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(g) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that come to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets *(Continued)*

(i) Impairment of trade and other receivables (Continued)

If any such evidence exists, any 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 financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— Property, plant and equipment; and

— Investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash- generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets *(Continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(g)(i) and (ii)).

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out formula and comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (note 2(g)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Income tax *(Continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company and the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Provisions and contingent liabilities

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from the provision of telecommunications services is recognised when the services have been rendered.

(ii) Revenue from the provision of telesales dealership services is recognised when the services have been rendered and the Group has obtained the rights to demand payment for the services rendered.

(iii) Interest income is recognised as it accrues using the effective interest method.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third party and the other entity is an associate of the third party.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly-controlled by a person identified in (i).

(7) A person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

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

(r) Segment reporting

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

The financial information provided to the chief operating decision maker does not contain profit or loss information of each service line and the chief operating decision maker reviews the operating results of the Group as a whole. Therefore, the operations of the Group constitute one single reportable segment.

3 REVENUE

The principal activities of the Group are the provision of telecommunications services. Revenue represents the sales value of services rendered to customers. The amount of each significant category of revenue during the year is as follows:

	2015 *HK$'000*	2014 HK$'000
Provision of telecommunications services	15,934	22,625
Provision of telesales dealership services	–	55
	15,934	22,680

Revenue from transactions with external customers, including revenue derived from individual customers who are known to the Group to be subject to common control, amounting to 10% or more of the Group's aggregate revenue during the year are as follows:

	2015 *HK$'000*	2014 HK$'000
The largest customer	6,242	8,802

4 OTHER INCOME AND OTHER NET LOSS

	2015 *HK$'000*	2014 *HK$'000*
(a) Other income		
Interest income from bank deposits	2,369	2,348
Sundry income	–	17
	2,369	2,365
(b) Other net loss		
Net foreign exchange loss	(6,528)	(657)

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Staff costs

	2015 *HK$'000*	2014 *HK$'000*
Salaries, wages and other benefits	**3,578**	3,595
Contributions to defined contribution retirement plan	**138**	144
	3,716	3,739

Staff costs include directors' emoluments (note 7).

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to 1 June 2014). Contributions to the plan vest immediately.

The Group has no other obligations for payment of retirement or other post-retirement benefits of employees other than the contributions described above.

(b) Other items

	Note	2015 *HK$'000*	2014 *HK$'000*
Cost of inventories	12(b)	**321**	636
Depreciation	10	**999**	884
Licence charges		**1,991**	1,959
Operating lease charges in respect of			
– rental of properties	20(b)	**996**	528
– rental of transmission lines		**1,053**	1,095
Auditors' remuneration			
– audit services		**881**	887
– tax services		**74**	76
– other services		**10**	10
Repairs and maintenance		**874**	918
Research and development cost	20(b)	**4,241**	—
Provision for impairment loss on trade receivables	13(b)	**11,574**	14,322

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 *HK$'000*	2014 *HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	–	120
Over-provision in respect of prior years	(18)	(21)
	(18)	99
Deferred tax		
Origination and reversal of temporary differences (note 16(b))	319	1,471
	301	1,570

(i) Hong Kong Profits Tax

The Company's Hong Kong subsidiaries are subject to Hong Kong Profits Tax. In addition, whilst the Company and Elitel Limited are incorporated in the Cayman Islands, they are considered as having a presence in Hong Kong for tax purpose since they are primarily managed and controlled in Hong Kong. Accordingly, they are subject to tax on an entity basis on income arising in or derived from Hong Kong. Provision for Hong Kong Profits Tax for the year ended 31 December 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

(b) Reconciliation between tax expense and loss before taxation at applicable tax rate:

	2015 *HK$'000*	2014 *HK$'000*
Loss before taxation	(35,739)	(23,370)
Notional tax on profit before taxation, calculated at the rate applicable to assessable profits in Hong Kong	(5,897)	(3,856)
Tax effect of non-deductible expenses	2,575	2,461
Tax effect of non-taxable income	(391)	(387)
Tax effect of tax losses not recognised	4,032	3,373
Over-provision in respect of prior years	(18)	(21)
Actual tax expense	301	1,570

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Contributions to retirement benefit plan *HK$'000*	Bonuses *HK$'000*	2015 Total *HK$'000*
Executive Directors					
Pang Kwok Chau	80	492	27	53	652
Li Wang	80	131	7	10	228
	160	623	34	63	880
Non-executive Directors					
Li Kin Shing	80	–	–	–	80
Wong Kin Wa	80	–	–	–	80
	160	–	–	–	160
Independent Non-executive Directors					
Chen Xue Dao	80	–	–	–	80
Chu, Howard Ho Hwa	80	–	–	–	80
Lee Man Yee, Maggie	80	–	–	–	80
	240	–	–	–	240
Total	560	623	34	63	1,280

7 DIRECTORS' EMOLUMENTS *(Continued)*

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Contributions to retirement benefit plan *HK$'000*	Bonuses *HK$'000*	2014 Total *HK$'000*
Executive Directors					
Pang Kwok Chau	80	490	26	40	636
Li Wang	80	129	7	10	226
	160	619	33	50	862
Non-executive Directors					
Li Kin Shing	80	—	—	—	80
Wong Kin Wa	80	—	—	—	80
	160	—	—	—	160
Independent Non-executive Directors					
Chen Xue Dao	80	—	—	—	80
Chu, Howard Ho Hwa	80	—	—	—	80
Lee Man Yee, Maggie	80	—	—	—	80
	240	—	—	—	240
Total	560	619	33	50	1,262

During the years ended 31 December 2014 and 2015, there were no amounts paid or payable by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2014 and 2015.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2014: one) is a director whose emoluments is disclosed in note 7. The aggregate of the emoluments in respect of the other four individuals with highest emoluments are as follows:

	2015 *HK$'000*	2014 *HK$'000*
Salaries and other emoluments	**1,279**	1,253
Contributions to defined contribution retirement plan	**60**	56
Bonuses	**24**	7
	1,363	1,316

An analysis of the emoluments of the four individuals with the highest emoluments is within the following band:

	2015 *Number of individuals*	2014 *Number of individuals*
HK$Nil - HK$1,000,000	**4**	4

During the years ended 31 December 2014 and 2015, there were no amounts paid or payable by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which an individual waived or agreed to waive any remuneration during the years ended 31 December 2014 and 2015.

9 LOSS PER SHARE

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

	2015 *HK$'000*	2014 *HK$'000*
Loss for the year attributable to the ordinary equity shareholders of the Company for the purpose of basic and diluted loss per share	**(36,040)**	(24,940)

Weighted average number of ordinary shares

	2015 *Number of shares '000*	2014 *Number of shares '000*
Issued ordinary shares at 1 January	**1,037,500**	1,037,500
Effect of bonus issue (note 17(b))	**2,075,000**	2,075,000
Weighted average number of ordinary shares at 31 December	**3,112,500**	3,112,500

Diluted loss per share is the same as basic loss per share for the year 2014 and 2015 as the potential ordinary shares under the unlisted warrants have anti-dilutive effects on the basic loss per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Leasehold improvement HK$'000	Facilities equipment HK$'000	Office equipment HK$'000	Total HK$'000
Cost:					
At 1 January 2014	6	—	20,498	477	20,981
Additions	—	—	123	14	137
At 31 December 2014 and 1 January 2015	6	—	20,621	491	21,118
Additions	396	1,853	2,528	35	4,812
At 31 December 2015	402	1,853	23,149	526	25,930
Accumulated depreciation:					
At 1 January 2014	6	—	15,517	350	15,873
Charge for the year	—	—	840	44	884
At 31 December 2014 and 1 January 2015	6	—	16,357	394	16,757
Charge for the year	7	31	916	45	999
At 31 December 2015	13	31	17,273	439	17,756
Net book value:					
At 31 December 2015	389	1,822	5,876	87	8,174
At 31 December 2014	—	—	4,264	97	4,361

11 INVESTMENTS IN SUBSIDIARIES

At 31 December 2015, the Company has direct or indirect interests in the following subsidiaries, which are private companies or, if established/incorporated outside Hong Kong, have substantially the same characteristics as a Hong Kong private company.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation/ establishment	Particulars of issued and fully paid up capital	Proportion of ownership interest Direct	Indirect	Principal activity
* Elitel Limited	Cayman Islands 30 August 2001	2 shares of US$1 each	100%	—	Provision of telecommunications services
* China-Hongkong Telecom Limited	Hong Kong 5 September 2001	100 shares	—	100%	Provision of telecommunications services
* Directel Communications Limited	Hong Kong 20 April 1995	5,000,000 shares	—	100%	Provision of telecommunications services

* KPMG are not the statutory auditors of these companies.

12 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2015 HK$'000	2014 HK$'000
SIM cards	194	156
Recharge vouchers	18	27
	212	183

(b) The analysis of the amount of inventories recognised as an expense and included in the profit or loss is as follows:

	2015 HK$'000	2014 HK$'000
Carrying amount of inventories sold	312	639
Provision for/(Reversal of) write down of inventories	9	(3)
	321	636

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 *HK$'000*	2014 *HK$'000*
Trade receivables		
– amounts due from third parties	**39,438**	35,775
less: allowance for doubtful debts (note 13(b))	**(25,934)**	(14,360)
	13,504	21,415
Other receivables, deposits and prepayments		
– other receivables	**1,253**	4,848
– deposits and prepayments	**1,224**	1,098
	2,477	5,946
	15,981	27,361

Generally, provision of mobile phone services to the Group's major customers, including major mobile network operators and their dealers, are made in an open account with credit terms up to 30 days after the date of invoice. Subject to negotiations, credit terms can be extended to two to four months for certain customers with well-established trading and payment records on a case-by-case basis. Provision of mobile phone services to the Group's pre-paid users are made with payment in advance, whereas post-paid users are made in an open account with credit terms up to 12 days after the date of invoice. Payments for provision for telesales dealership services are made in bullet payments within one to five months after rendering of services. Further details on the Group's credit policy are set out in note 18(a).

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

(a) Ageing analysis

Included in trade receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis by billing date as of the end of the reporting period:

	2015 *HK$'000*	2014 *HK$'000*
Within 1 month	35	1,958
Over 1 month but less than 3 months	4,100	2,572
Over 3 months but less than 6 months	944	3,130
Over 6 months but less than 12 months	2,848	4,448
Over 12 months but less than 18 months	5,048	5,529
Over 18 months	529	3,778
	13,504	21,415

Included in trade receivables are trade debtors with the following ageing analysis by due date as of the end of the reporting period:

	2015 *HK$'000*	2014 *HK$'000*
Current	29	1,951
Less than 1 month past due	2,967	1,240
1 to 3 months past due	1,599	2,270
More than 3 months but less than 12 months past due	4,544	7,362
More than 12 months but less than 18 months past due	4,365	5,661
More than 18 months past due	25,934	17,291
	39,438	35,775
Less: allowance for doubtful debts (note 13(b))	(25,934)	(14,360)
	13,504	21,415

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(g)(i)).

The movements in the allowance for doubtful debts during the current and prior years are as follows:

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	**14,360**	38
Impairment loss recognised	**11,591**	14,343
Reversal of impairment loss	**(17)**	(21)
At 31 December	**25,934**	14,360

At 31 December 2015, the Group's trade receivables of approximately HK$25,934,000 (2014: approximately HK$14,360,000) were individually determined to be impaired. The individually impaired receivables related to invoices that were default in payment and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts of approximately HK$25,934,000 (2014: approximately HK$14,360,000) were recognised. The Group does not hold any collateral over these balances.

In particular, the trade receivables (before provision) as at 31 December 2015 included amounts due from a mobile network operator in China ("that MNO") which is a subsidiary of a company listed on the Main Board of the Stock Exchange and the New York Stock Exchange and the outstanding amount was approximately HK$38,754,000, of which HK$4,447,000, HK$4,363,000 and HK$25,797,000 fell into "More than 3 months but less than 12 months past due", "More than 12 months but less than 18 months past due" and "More than 18 months past due", respectively. The credit terms of 30 days were granted by the Group to that MNO as it is in line with the credit policy of the Group whilst the delay in settlement by that MNO renders the actual credit period longer than the contractual credit period. Taking into account of the above and in accordance with the Group's provisioning for doubtful debts on trade receivables, the Group made a provision for impairment loss on trade receivables of HK$11,578,000 for the year ended 31 December 2015 (2014: HK$14,219,000).

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	32	618
Less than 1 month past due	71	459
1 to 3 months past due	346	732
More than 3 months but less than 12 months past due	95	437
	512	1,628
	544	2,246

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. Trade receivables that were past due but not impaired relate to a number of independent customers that have a good repayment track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

14 CASH AT BANK AND IN HAND

	2015	2014
	HK$'000	*HK$'000*
Deposits with banks	84,057	59,750
Cash at bank	5,715	6,474
Cash in hand	10	11
Cash and cash equivalents in the consolidated statement of cash flows	89,782	66,235
Fixed deposits – maturity over three months at acquisition	–	46,205
Cash at bank and in hand in the consolidated statement of financial position	89,782	112,440

15 PAYABLES AND ACCRUALS

	2015 *HK$'000*	2014 *HK$'000*
Trade payables		
– amounts due to related parties	4,229	60
– amounts due to third parties	4,008	3,152
	8,237	3,212
Other payables and accruals		
– Accrued charges and deposits	2,677	2,888
– Deferred income	1,056	1,554
	3,733	4,442
	11,970	7,654

The amounts due to related parties are unsecured, interest free and repayable on demand.

Included in trade and other payables are trade creditors with the following ageing analysis by transaction date as of the end of the reporting period:

	2015 *HK$'000*	2014 *HK$'000*
Within 1 month	6,509	2,060
Over 1 month but less than 3 months	1,728	1,152
	8,237	3,212

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2015 *HK$'000*	2014 *HK$'000*
Provision for Hong Kong Profits		
Tax for the year	–	120
Provisional Profits Tax paid	(2,104)	(2,019)
	(2,104)	(1,899)

Representing:

	2015 *HK$'000*	2014 *HK$'000*
Income tax recoverable	(2,104)	(1,984)
Income tax payable	–	85
	(2,104)	(1,899)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the current and prior years are as follows:

Deferred tax arising from:	Unutilised tax losses *HK$'000*	Depreciation allowances in excess of the related depreciation *HK$'000*	Total *HK$'000*
At 1 January 2014	1,585	(803)	782
(Charged)/credited to profit or loss (note 6(a))	(1,585)	114	(1,471)
At 31 December 2014 and 1 January 2015	—	(689)	(689)
Charged to profit or loss (note 6(a))	—	(319)	(319)
At 31 December 2015	—	(1,008)	(1,008)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profit is probable.

Reconciliation to the consolidated statement of financial position

	2015 ***HK$'000***	2014 *HK$'000*
Net deferred tax liabilities	**(1,008)**	(689)

(c) Deferred tax assets not recognised:

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses of HK$46,656,000 (2014: HK$20,420,000) sustained the operations of certain subsidiaries of the Group as it is not probable that future taxable profits against which the losses can be utilised will be available. The tax losses do not expire under current tax legislation.

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Share premium	Warrant reserve	Other reserve	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 17(b)	Note 17(d)(i)	Note 17(d)(ii)	Note 17(d)(iii)		
At 1 January 2014	10,375	67,499	—	—	(14,447)	63,427
Change in equity for 2014:						
Issue of unlisted warrants (note 17(c))	—	—	2,000	—	—	2,000
Expenses attributable to issue of unlisted warrants (note 17(c))	—	—	(346)	—	—	(346)
Profit and total comprehensive income for the year	—	—	—	—	1,281	1,281
At 31 December 2014 and 1 January 2015	10,375	67,499	1,654	–	(13,166)	66,362
Change in equity for 2015:						
Issue of bonus shares (note 17(b))	20,750	(20,750)	–	–	–	–
Loss and total comprehensive income for the year	–	–	–	–	(1,751)	(1,751)
At 31 December 2015	31,125	46,749	1,654	–	(14,917)	64,611

17 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Share capital

	Note	As at 31 December 2015 Number of shares	As at 31 December 2015 Nominal value *HK$'000*	As at 31 December 2014 Number of shares	As at 31 December 2014 Nominal value *HK$'000*
Authorised:					
At 1 January		4,000,000,000	40,000	4,000,000,000	40,000
Increase on 3 June 2015	(i)	6,000,000,000	60,000	—	—
At 31 December		10,000,000,000	100,000	4,000,000,000	40,000
Issued and fully paid:					
At 1 January		1,037,500,000	10,375	1,037,500,000	10,375
Bonus issue	(ii)	2,075,000,000	20,750	—	—
At 31 December		3,112,500,000	31,125	1,037,500,000	10,375

Note:

(i) Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 3 June 2015, the authorised share capital of the Company was increased from HK$40,000,000, divided into 4,000,000,000 ordinary shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each by the creation of an additional 6,000,000,000 ordinary shares of HK$0.01 each of the Company.

(ii) Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 3 June 2015, the Company issued two bonus shares for every one share held. The issued share capital of the Company was therefore increased from 1,037,500,000 shares of HK$0.01 each to 3,112,500,000 shares of HK$0.01 each accordingly. On 23 June 2015, the Company completed the bonus issue, in which, the share premium account for the period ended 30 June 2015 was reduced by approximately HK$20,750,000, and the same amount was credited to share capital account.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Unlisted warrants

On 30 April 2014, the Company entered into a warrant subscription agreement (the "Warrant Subscription Agreement") with JD Edward Asset Management Company Limited, an independent third party (the "Subscriber") in relation to the subscription of a total of 200,000,000 unlisted warrants (the "Warrant(s)") by the Subscriber at the issue price of HK$0.01 per unit of Warrants (the "Warrant Subscriptions"). The Warrants entitled the Subscriber to subscribe in cash for in aggregate of 200,000,000 shares in the Company at the subscription price of HK$0.1648 per new share (subject to anti-dilutive adjustment) for a period of 60 months commencing from the date of issue of the Warrants. On 29 May 2014, the conditions set out in the Warrant Subscription Agreement have been fulfilled and completion of the Warrant Subscriptions took place. The net proceeds from the Warrant Subscriptions (after expenses of approximately HK$346,000) were approximately HK$1,654,000. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 3 June 2015, a specific mandate was given to the directors of the Company to allot and issue new Shares (subject to adjustment) upon exercise of subscription rights attaching to the Warrants. On 23 June 2015, the Company completed a bonus issue on the basis of two bonus shares for every one held by the existing shareholders ("Bonus Issue"). As a result of the Bonus Issue, the subscription price for such warrant shares and the number of warrant shares to be issued and allotted upon exercise of the subscription rights attached to the Warrants shall be adjusted from HK$0.1648 to HK$0.0549 and from 200,000,000 shares to 600,000,000 shares respectively. At as the date of this report, no Warrants have been exercised and the Company has not utilised any of the net proceeds.

(d) Nature and purpose of reserves

The nature and purpose of reserves are set out below:

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company net of share issuing expenses. The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands, under which the balance of share premium account of the Company can be distributed as dividends provided that immediately following the date on which dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Warrant reserve

The warrants reserve represents the net proceeds received from the issue of warrants of the Company. The warrants reserve is transferred to share premium account when the warrant is exercised or released directly to retained earnings when the warrant expires.

17 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iii) Other reserve

Other reserve amounting to HK$15 (2014: HK$15) represents the difference between the nominal value of the shares allotted and issued by the Company to a subsidiary and the nominal value of the share capital of that subsidiary acquired by the Company in a group reorganisation which took place on 7 September 2009.

(e) Distributability of reserves

At 31 December 2015, the aggregate amount of reserves available for distribution to the equity shareholders of the Company was approximately HK$31,832,000 (2014: HK$54,333,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk.

The Group actively and regularly reviews and manages its capital structure, monitors the return on capital, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes in the Group's approach to capital management during the current and prior years.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 98% (2014: 89%) and 99% (2014: 99%) of the total trade and other receivables was due from the Group's largest debtor and the five largest debtors respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 13.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All financial liabilities as disclosed in the consolidated statement of financial position are required to be settled within one year or on demand and the total contractual undiscounted cash flow of these financial liabilities equal their carrying amounts in the consolidated statement of financial position.

(c) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi ("RMB") and United States dollars ("US$"). The Group currently does not have hedging policy in respect of the foreign currency risk. However, management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the need arise.

18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Currency risk *(Continued)*

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars ("HK$"), translated using the spot rate at the year end date.

	Exposures to foreign currencies *(expressed in HK$'000)*			
	2015		2014	
	US$	*RMB*	*US$*	*RMB*
Trade and other receivables	—	40,015	—	38,350
Cash at bank and in hand	34	70,976	183	73,359
Trade and other payables	(15)	(4,178)	(8)	—
Net exposures	19	106,813	175	111,709

Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profits *HK$'000*	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and retained profit *HK$'000*
RMB	5%	4,459	5%	4,664
	(5%)	(4,459)	(5%)	(4,664)

The sensitivity analysis assumes that the changes in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at end of reporting period. The analysis is performed on the same basis for 2014.

18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Fair values

The fair values of the Group's financial instruments are not materially different from their carrying amounts. Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial assets and liabilities. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The Group enters into a long-term commercial agreement with a mobile network operator in China which includes provision allowing net settlement of payments in the normal course of business. The following table presents the recognised financial instruments that are offset as at 31 December 2015 and 2014.

Financial assets	Gross assets *HK$'000*	Amounts offset Gross liabilities offset *HK$'000*	Net amounts presented *HK$'000*
31 December 2015			
Trade receivables	**16,910**	**(3,406)**	**13,504**
31 December 2014			
Trade receivables	28,335	(6,920)	21,415

Financial liabilities	Gross liabilities *HK$'000*	Gross assets offset *HK$'000*	Net amounts presented *HK$'000*
31 December 2015			
Trade payables	**11,643**	**(3,406)**	**8,237**
31 December 2014			
Trade payables	10,132	(6,920)	3,212

There are no other enforceable netting arrangements or other similar agreements of the Group for both years other than the commercial agreement mentioned above.

19 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2015 not provided for in the financial statements were as follows:

	2015 *HK$'000*	2014 *HK$'000*
Contracted for	102	330

(b) At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015		2014	
	Properties *HK$'000*	Transmission lines *HK$'000*	Properties *HK$'000*	Transmission lines *HK$'000*
Within 1 year	996	428	996	735
After 1 year but within 5 years	996	6	1,992	264
	1,992	434	2,988	999

The Group is the lessee in respect of a number of properties and transmission lines held under operating lease agreements. The leases typically run for an initial period of one to three years (2014: one to three years), with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

20 MATERIAL RELATED PARTY TRANSACTIONS

(a) Relationship between the Group and related parties

(i) Controlling shareholders of the Group

- Li Kin Shing
- Kwok King Wa

(ii) Subject to common control of the controlling shareholders

- China Elite Information Technology Ltd.
- Directel Limited
- Fastary Limited
- International Elite Ltd.
- International Elite Limited - Macao Commercial Offshore
- PacificNet Communications Limited - Macao Commercial Offshore
- Sunward Telecom Limited (incorporated in the BVI)
- Sunward Telecom Limited (incorporated in the Cayman Islands)
- Talent Group (International) Limited
- Talent Information Engineering Co. Limited
- Target Link Enterprises Limited
- Xiamen Elite Electric Co., Ltd.

20 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions

Particulars of significant related party transactions entered into by the Group during the current year are as follows:

Related parties	Note	2015 HK$'000	2014 HK$'000
China Elite Information Technology Ltd.			
– Data processing and billing management*	(i)	360	360
International Elite Limited - Macao Commercial Offshore			
– Built-in secretarial and customer hotline services*	(i)	456	551
– Telesales services*	(i)	37	55
– Development and maintenance of the Company's website*	(i)	180	180
Talent Information Engineering Co., Limited			
– Rental of properties*	(ii)	996	528
Xiamen Elite Electric Co., Limited			
– Research and development services	(iii)	4,241	—

* Continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules. The disclosures required by Chapter 20 of the GEM Listing Rules are provided in section "Continuing Connected Transactions" of the Directors' Report.

Notes:

(i) Services rendered by related parties related to data processing and billing management services, built-in-secretarial and customer hotline services, telesales services and development and maintenance of the Company's website.

(ii) The Group has leased certain properties from a related party under operating leases at an aggregate monthly rental of HK$44,000 for the period from 1 January 2012 to 31 December 2014 and HK$83,000 for the period from 1 January 2015 to 31 December 2017.

(iii) The related party provided research and development services to the Group.

The directors are of the opinion that the above transactions with related parties were conducted on terms and conditions mutually agreed in the ordinary course of the Group's business.

20 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balance with related parties

At 31 December 2015, the Group had the following balance with related parties:

	2015 *HK$'000*	2014 *HK$'000*
Amount due to related parties		
– trade	4,229	60

Notes: The amounts due to related parties are unsecured, interest free and repayable on demand and is included in "Trade and other payables" (note 15).

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in note 7 and certain of the individuals with highest emoluments as disclosed in note 8, are as follows:

	2015 *HK$'000*	2014 *HK$'000*
Short-term employee benefits	2,158	2,102
Contributions to defined contribution retirement plan	74	70
	2,232	2,172

Total remuneration is included in "staff costs" (note 5(a)).

21 CONTINGENT LIABILITIES

As at the date of issue of these financial statements, the Group did not have any contingent liabilities.

22 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The following principal accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. The Group reviews annually the useful life of an asset. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(b) Impairment of non-current assets

In considering the impairment loss that may be required for certain property, plant and equipment of the Group, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

(c) Impairment of trade receivables

Impairment loss for bad and doubtful debts is assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(d) Recognition of deferred tax assets

Deferred tax assets are recognised in respect of unused tax losses and deductible temporary differences and can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised. Management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

23 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2015, the directors consider the immediate parent and ultimate controlling parties of the Group to be New Everich Holdings Limited and the controlling shareholders as mentioned in note 20(a)(i), respectively.

24 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015	2014
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	–	—
Property, plant and equipment	2,211	—
Total non-current assets	2,211	—
Current assets		
Amounts due from subsidiaries	1,117	950
Receivables, deposits and prepayments	557	544
Taxation recoverable	120	—
Cash at bank and in hand	62,213	65,938
Total current assets	64,007	67,432
Current liabilities		
Amounts due to subsidiaries	19	—
Payables and accruals	1,538	985
Taxation payable	–	85
Total current liabilities	1,557	1,070
Net current assets	62,450	66,362
Total assets less current liabilities	64,661	66,362
Non-current liabilities		
Deferred tax liabilities	50	—
Net assets	64,611	66,362
Capital and reserves		
Share capital	31,125	10,375
Share premium	46,749	67,499
Warrant reserve	1,654	1,654
Accumulated losses	(14,917)	(13,166)
Total equity	64,611	66,362

Approved and authorised for issue by the board of directors on 29 March 2016.

Mr. Pang Kwok Chau	**Mr. Li Wang**
Director	*Director*

25 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 1, *Disclosure initiative*	1 January 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2018
IFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

	For the years ended 31 December				
	2015	2014	2013	2012	2011
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Results					
Revenue	**15,934**	22,680	50,882	71,780	72,270
Cost of sales	**(18,728)**	(20,324)	(25,106)	(29,604)	(28,415)
Gross (loss)/profit	**(2,794)**	2,356	25,776	42,176	43,855
Other income	**2,369**	2,365	613	424	191
Other net (loss)/income	**(6,528)**	(657)	415	(102)	1,760
Administrative and other operating expenses	**(17,212)**	(13,112)	(14,555)	(15,712)	(18,300)
(Provision for)/reversal of impairment loss on trade receivables	**(11,574)**	(14,322)	66	(48)	(11)
(Loss)/profit before taxation	**(35,739)**	(23,370)	12,315	26,738	27,495
Income tax	**(301)**	(1,570)	(2,234)	(4,608)	(4,477)
(Loss)/profit for the year attributable to equity shareholders of the Company	**(36,040)**	(24,940)	10,081	22,130	23,018

	At 31 December				
	2015	2014	2013	2012	2011
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Assets and Liabilities					
Total assets	**116,355**	147,845	170,959	164,306	141,358
Total liabilities	**(12,978)**	(8,428)	(8,256)	(11,684)	(10,866)
Total equity	**103,377**	139,417	162,703	152,622	130,492