SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00487

Embracing Opportunities Amidst Challenges


PONTE 16

CONTENTS

OUR VISION

The Group aims to become a leading player in the gaming, entertainment and tourist-related industries and contribute to the sustainable development of these sectors. We endeavour to create long-term value for all of our stakeholders, while adhering to a high standard of corporate governance.

CORPORATE INFORMATION

Directors

Executive Directors
Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*

Non-executive Director
Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose
Mr. Chong Ming Yu

Company Secretary

Ms. Chiu Nam Ying, Agnes

Financial Controller

Mr. To Kwok Leung

Authorised Representatives

Dr. Ma Ho Man, Hoffman
Ms. Chiu Nam Ying, Agnes

Audit Committee

Mr. Chin Wing Lok, Ambrose *(Chairman)*
Mr. Choi Kin Pui, Russelle
Ms. Yeung Mo Sheung, Ann
Mr. Chong Ming Yu

Remuneration Committee

Ms. Yeung Mo Sheung, Ann *(Chairman)*
Mr. Yeung Hoi Sing, Sonny
Mr. Choi Kin Pui, Russelle
Mr. Chin Wing Lok, Ambrose
Mr. Chong Ming Yu

Nomination Committee

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Choi Kin Pui, Russelle
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose
Mr. Chong Ming Yu

Executive Committee

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Advisers on Hong Kong Laws

Iu, Lai & Li

Legal Advisers on Bermuda Laws

Conyers Dill & Pearman

Principal Bankers

Chong Hing Bank Limited
Industrial and Commercial Bank of China (Canada)
The Bank of East Asia, Limited
BMO Bank of Montreal

Principal Share Registrar and Transfer Agent in Bermuda

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Suite 1601-2 & 8-10, 16/F.
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 00487

Website

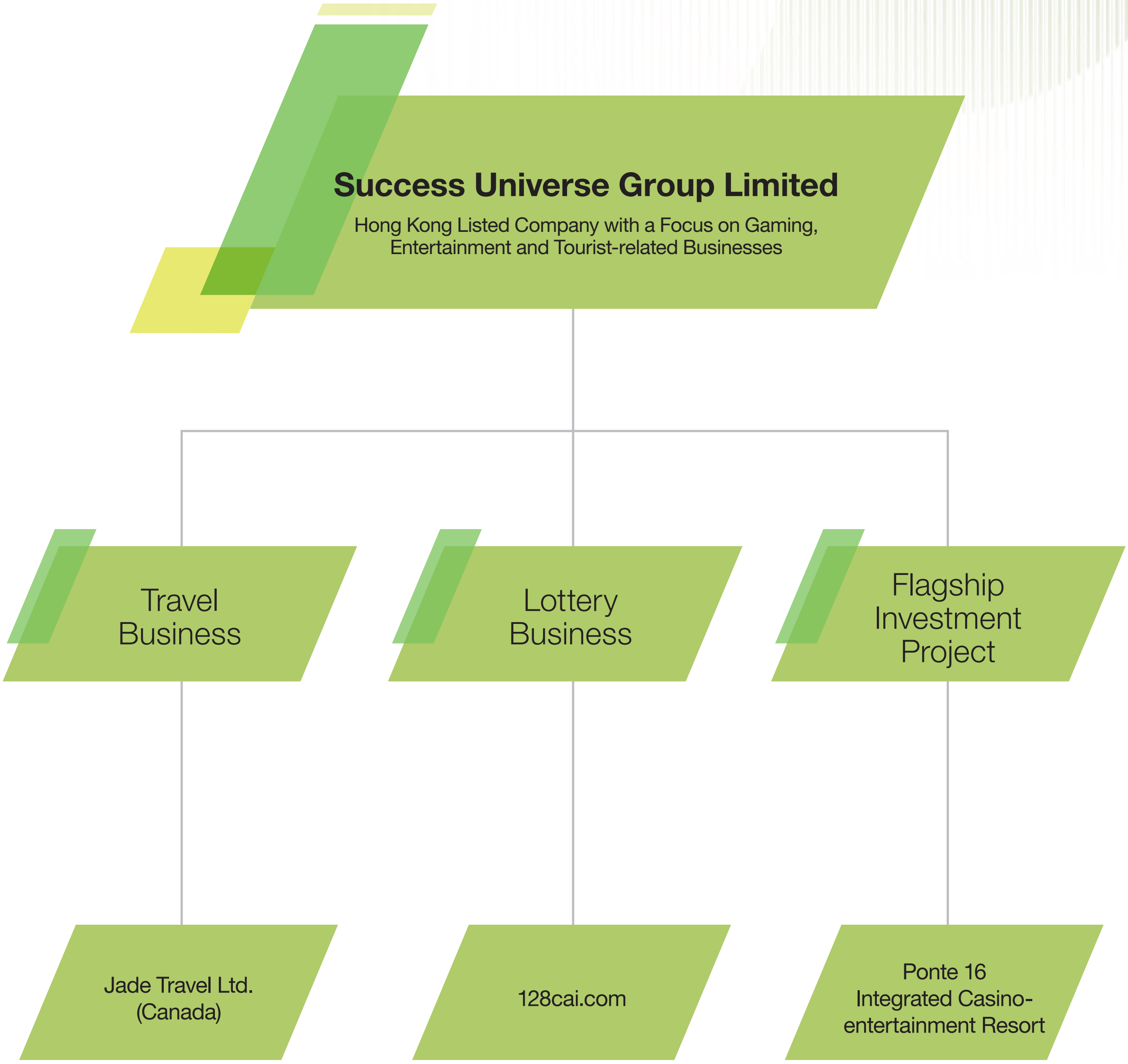
www.successug.com

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2015	2014	2013
	HK$'000	HK$'000	HK$'000
RESULTS			
CONTINUING OPERATIONS:			
Revenue			
Travel	**941,078**	1,103,544	1,430,182
Lottery	**69,591**	201,125	70,600
	1,010,669	1,304,669	1,500,782
Loss from operations	**(40,857)**	(12,761)	(30,698)
Share of results of associates	**29,288**	88,047	51,014
DISCONTINUED OPERATION:			
Profit after taxation from discontinued operation:			
Cruise ship leasing and management	**–**	44,312	475
(Loss)/profit for the year	**(11,643)**	117,782	12,245
(Loss)/profit attributable to owners of the Company	**(6,670)**	96,890	18,644

	At 31 December		
	2015	2014	2013
	HK$'000	HK$'000	HK$'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Total assets	**1,153,279**	1,205,737	1,199,307
Total liabilities	**107,607**	116,170	189,758
Net assets	**1,045,672**	1,089,567	1,009,549

GROUP STRUCTURE



CHAIRMAN'S STATEMENT

2015 was a challenging year for the global economy. The Group managed to stand tight in the strong macro headwinds with solid foundation and diversified portfolio, and will continue to work with the stakeholders to fulfill the commitment to the long-term success.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the board of directors (the "Board") of Success Universe Group Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

TACKLE CHALLENGES AND CAPTURE THE RIGHT OPPORTUNITIES

The global economy underwent a challenging year in 2015 and is likely to face a number of uncertainties in the year ahead, arisen from the pace of US interest rate hikes, China's structural reform, and the plunges in oil and commodity prices. However, the global economy is expected to grow modestly in 2016, and we are still confident of the long-term development in the mainland economy.

Despite the slowdown of China's economic growth in 2015, it is believed that the central government will pursue a sustainable development with the implementation of 13th Five-Year Plan. Looking ahead, the Group's solid foundation and diversified portfolio will safeguard us to stand tight in the headwinds, and we will continue to strengthen the competitiveness of our core business portfolio and explore new development opportunities.

STRONG RESILIENCE WITH DIVERSIFIED BUSINESS PLATFORMS

In 2015, the Group's travel business in North America ("Jade Travel") has demonstrated its strong reputation and execution through the industry consolidation, and is now well-positioned to seek opportunities beyond the current portfolio. Jade Travel reframed its business strategies to explore more opportunities in both online and offline retail operations, which is expected to maximise the exposure to the retail travellers who pursuing deep and all-inclusive travel experience, on top of its stable wholesale and corporate businesses.

Along with various policy initiatives introduced by both China and Macau governments to reinforce Macau's position as a world centre of tourism and leisure, the gaming business in Macau has shown signs of stabilisation since the second half of 2015. The sequential improvement of Macau's gross gaming revenue has laid a foundation for sustainable growth over the medium to long-term. We remain optimistic about the market development in Macau gaming industry, and the Group's flagship investment project – Ponte 16 will continue to boost its appeal to the mass market.

To stay in pace with the change in Macau's visitation composition towards the mass market, the Group believes that offering diversified non-gaming activities becomes one of the key driving forces to the industry. The recent opening of Pier 16 Macau 3D World synergises with the casino and five-star hotel, Sofitel Macau At Ponte 16, to elevate Ponte 16's comprehensive entertainment experience and retain its position as one of the most preferred destinations for travellers pursuing a holistic experience in Macau.

With the central government's determination to regulate and professionalise the lottery supervision, the China lottery business is expected to benefit from a more clearly regulated operation management and distribution model in the long-term. The Group is well-prepared to seize the emerging opportunities ahead brought about by the forthcoming regulatory evolution and remain competitive in the market.

FOCUS ON LONG-TERM AND SUSTAINABLE GROWTH

The Group aims at building a sustainable platform for future growth and a better working environment for our people. To achieve sustainable development, we shall take into consideration of economic, environmental and social impacts, and work together with our stakeholders to fulfill long-term commitment to creating and sharing values in a more sustainable way.

APPRECIATION

Reaching the 40th anniversary of Jade Travel and the 8th anniversary of Ponte 16, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their continuous support and trust, and thank my fellow directors for their dedications and insights over the past years. Together with us, our shareholders witnessed the Group's development in the gaming, entertainment and tourist-related industries. These achievements would not be attained without the efforts of the Group's management team and the contributions of our dedicated staff. May I extend my sincere appreciation to our management team and staff for their dedications and commitments.

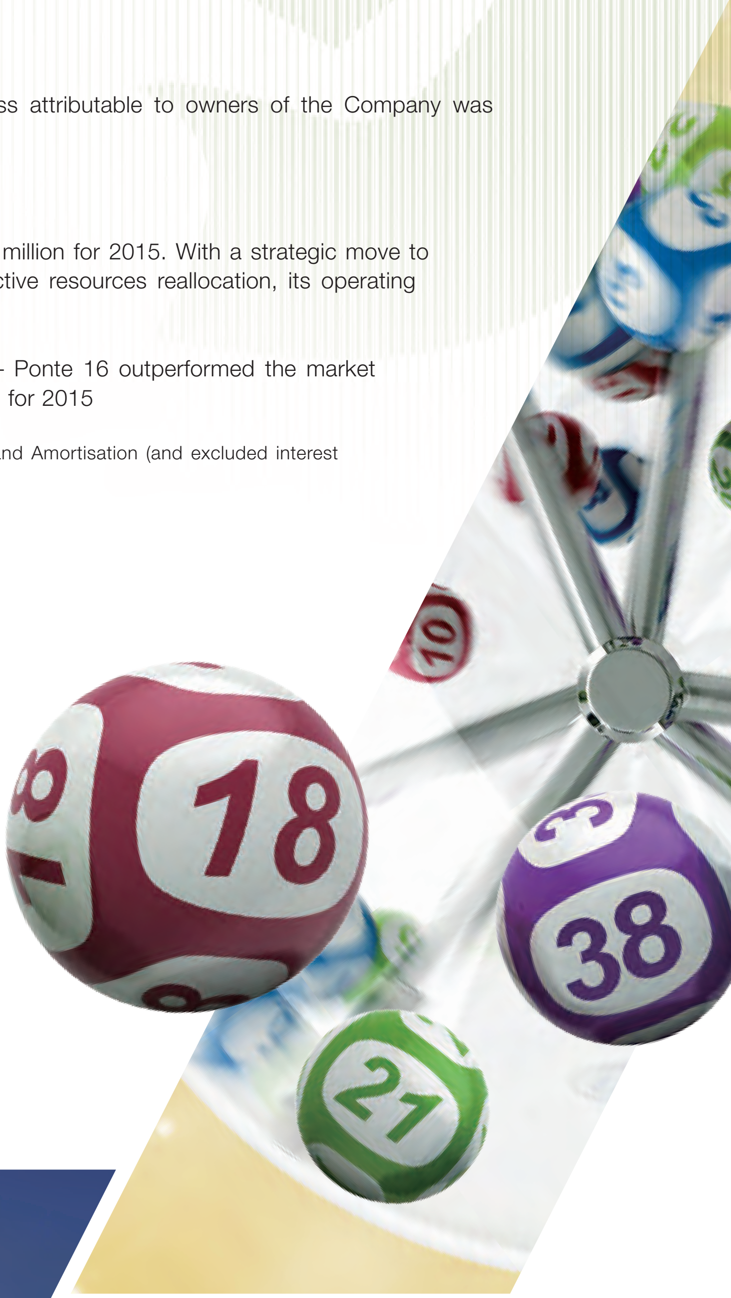
Yeung Hoi Sing, Sonny
Chairman

Hong Kong
30 March 2016

BUSINESS HIGHLIGHTS

- Revenue achieved approximately HK$1,010.7 million and loss attributable to owners of the Company was approximately HK$6.7 million for 2015
- Gross profit was approximately HK$37.2 million for 2015
- Revenue of the travel business was approximately HK$941.1 million for 2015. With a strategic move to focus on deepening market penetration in Canada and effective resources reallocation, its operating loss narrowed significantly since the second half of 2015
- Gaming revenue of the Group's flagship investment project – Ponte 16 outperformed the market and its adjusted EBITDA* was approximately HK$303.7 million for 2015

    * Adjusted EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation (and excluded interest income from the pledged bank deposit)



MANAGEMENT DISCUSSION AND ANALYSIS

Despite the volatile global economic environment, the Group is determined to strengthen its competitiveness of the core business portfolio and explore new business opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

2015 was undoubtedly a challenging year globally, Macau gaming industry was struggling amidst the transition of China economy and the structural change in Macau, while China lottery business was pending for further regulatory notification. The Group's solid foundation and well-balanced business portfolio shielded its performance from these headwinds and showed resilience in 2015. The Group successfully mitigated the regional risks and sought for new opportunities in its travel business in Canada.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes included in this annual report.

RESULTS

For the year ended 31 December 2015, revenue of the Group was approximately HK$1,010.7 million, decreased by approximately 23% from approximately HK$1,304.7 million for the same period of 2014. Gross profit dropped by approximately 55% to approximately HK$37.2 million (2014: approximately HK$82.7 million). The Group's shared profit of the associates relating to Ponte 16 for the year ended 31 December 2015 amounted to approximately HK$29.3 million, decreased by approximately 67% from approximately HK$88.1 million for the last corresponding year. Loss attributable to owners of the Company of approximately HK$6.7 million was recorded for the reporting year (2014: profit attributable to owners of the Company of approximately HK$96.9 million), whilst loss per share was 0.14 HK cents (2014: earnings per share from continuing operations of 1.48 HK cents).

The decline in results was mainly attributable to (i) the substantial decrease of the Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group; and (ii) the decrease in operating revenue of the Group's lottery business and a segment loss was recorded for the reporting year as compared with a segment profit recorded in the last corresponding year.

DIVIDENDS

No interim dividend was paid in 2015 (2014: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 2015 (2014: nil).

TRAVEL BUSINESS

The Group's travel business recorded substantial improvement since the second half of 2015, mainly driven by its effective resources reallocation and focus on deepening market penetration in Canada.

REVIEW OF OPERATIONS

Travel Business

The Group's travel business ("Jade Travel") mainly focuses on providing travel packages and arrangement services for the high-end MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) segments. Although the travel industry in North America had a difficult time in the previous years, Jade Travel has retained its business and market share, remaining as one of the largest travel agencies in Canada.

To capture the improving consumer sentiment, the Group has been actively exploring new business opportunities and expanded its retail business since the second half of 2015. Jade Travel has ceased the operation in New York, the United States of America in late 2015, which was aligned with the Group's business strategy that focused on deepening market penetration in Canada. With effective resources reallocation, the travel business's operating loss narrowed significantly since the second half of 2015.

Revenue of the segment decreased by approximately 15% to approximately HK$941.1 million for the year ended 31 December 2015 (2014: approximately HK$1,103.5 million). Loss in this segment posted approximately HK$6.1 million, decreased by approximately 78% as compared with approximately HK$27.4 million for the last corresponding year, including impairment loss on certain assets of approximately HK$2.2 million (2014: impairment loss on intangible assets of approximately HK$16.4 million and bad debts written off of approximately HK$2.2 million) were recognised for the reporting year.

Reference was made to the Company's announcement dated 8 June 2015 in relation to the disposal of approximately 10% of 665127 British Columbia Ltd. ("665127 BC", being an indirect non-wholly owned subsidiary of the Company which indirectly holds the entire shareholding interests in Jade Travel), comprising a shareholder's loan of 665127 BC of approximately CAD0.9 million (equivalent to approximately HK$5.5 million), at the total consideration of approximately CAD0.3 million (equivalent to approximately HK$2.1 million). The transaction was completed in mid-June 2015 and the effective beneficial interests of the Group in Jade Travel was reduced from approximately 85% to 75%.

LOTTERY BUSINESS

Along with the healthy lottery industry trends in China, the Group will do its utmost to grasp the opportunities with its established network and resources.

REVIEW OF OPERATIONS (CONTINUED)

Lottery Business

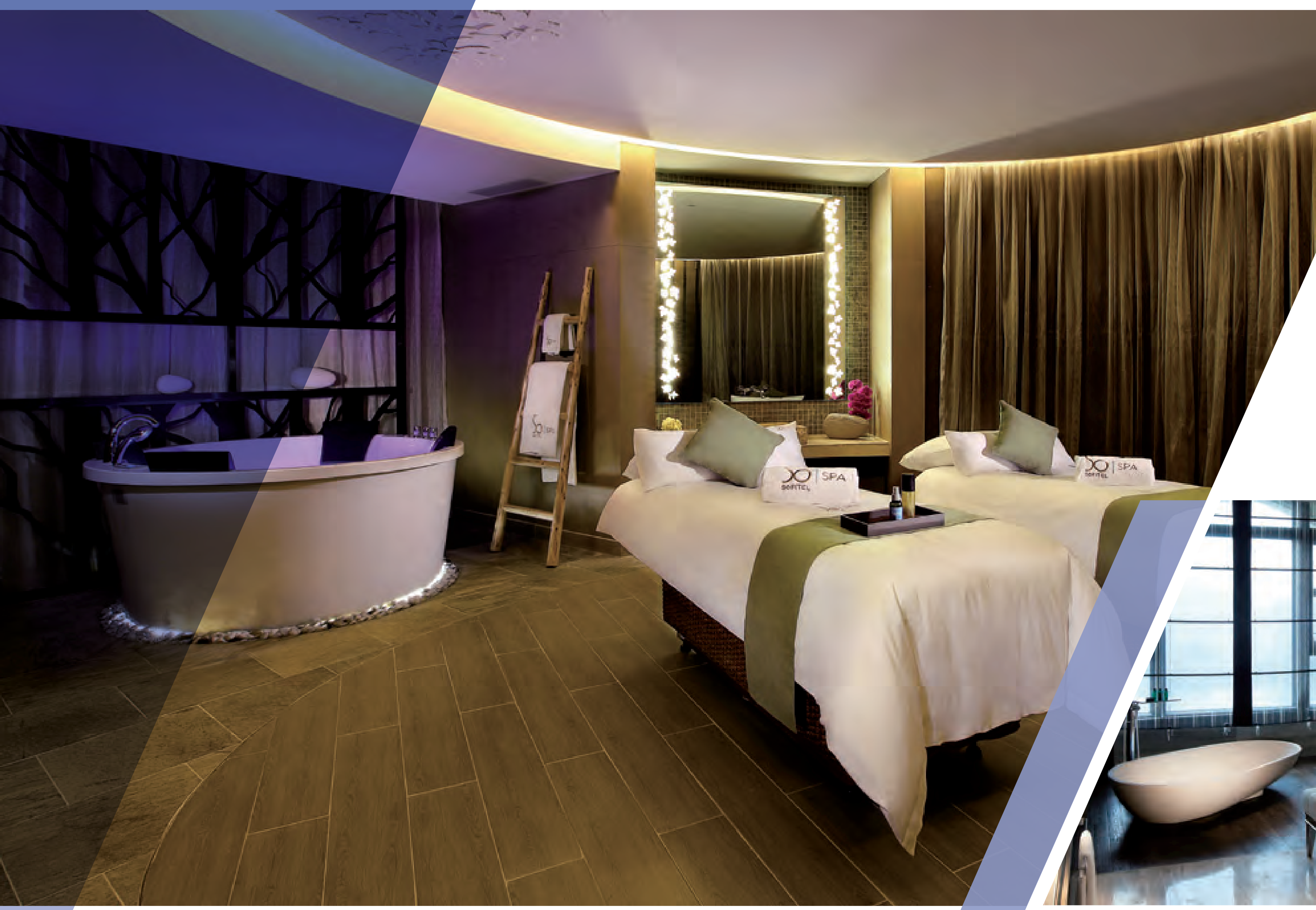
The Group and its lottery business partners have, similar to most of its peers, temporarily suspended the paperless lottery sales agency services voluntarily (the "Suspension") in response to the promulgation of the Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet (《關於開展擅自利用互聯網銷售彩票行為自查自糾工作有關問題的通知》) by the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of China which was issued in January 2015 (the "Notice").

The Notice is designed to crack down the unauthorised sales of lottery through internet whilst aims at providing a healthier and more reliable market in the long run. The Group will closely monitor the development and wait for further announcement on the resumption date of paperless lottery sales from the Chinese government authorities.

Revenue of the lottery business amounted to approximately HK$69.6 million for the year ended 31 December 2015, representing a decrease of approximately 65% as compared with approximately HK$201.1 million for the last corresponding year, which was attributable to (i) the non-recurrence of the FIFA World Cup 2014 effect that stimulated the revenue of the lottery business for 2014; and (ii) the Suspension. Loss of approximately HK$19.1 million was recorded for the year in this segment (2014: profit of approximately HK$24.5 million).

INVESTMENT PROJECT – PONTE 16

Ponte 16 continues to capture the growing mass market and its revenue outperformed the Macau gaming market in 2015 by making timely responses to the changes in the market.

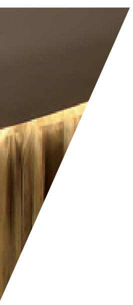


REVIEW OF OPERATIONS (CONTINUED)

Investment Project – Ponte 16

Macau gaming sector started its downward trend since the second half of 2014. The decline of Macau's gross gaming revenue (the "GGR") was mainly attributable to certain regional factors, including, among others, the change in spending behaviour arisen from the structural change in the composition of tourists to Macau, tighter transit visa restrictions, implementation of total smoking ban in mass market gaming areas in casinos, the tighter controls on spending with UnionPay cards and lower Chinese visitation sentiment led by the Renminbi depreciation. However, tourist visitation recorded a merely small decline of approximately 3% year-on-year to approximately 30.7 million for the year of 2015, proving Macau remained to be one of the favourite tourist destinations in Asia. During the reporting year, Ponte 16 has timely responded to the change in tourist mix by allocating resources to serve the mass market and its revenue outperformed the market, where Macau's GGR of 2015 decreased by approximately 34% year-on-year.

As at 31 December 2015, the casino of Ponte 16 had 108 gaming tables, consisting of 92 mass gaming tables, 9 high-limit tables and 7 VIP tables, and also had 13 mah-jong tables. Adjusted EBITDA* was approximately HK$303.7 million (2014: approximately HK$461.0 million) for the reporting year.



Featuring the world-class facilities and the impeccable services, the average occupancy rate of Sofitel Macau At Ponte 16 was recorded over 89% in 2015, and was proud to receive 20 reputable industry awards in 2015, including, inter alia, "Top 25 Hotels for Romance – China" in 2015 Travellers' Choice® Awards by TripAdvisor, "2015 Luxury Romantic Hotel" by World Luxury Hotel Awards and more. On top of it, the world's famous So SPA with L'Occitane is certainly the ace in Ponte 16. Offering visitors a new level of enjoyment of well-being and beauty, So SPA was highly recommended by tourists, and widely recognised by receiving "2015 Global Award for Spa" by Luxury Travel Guide, "2015 Best Luxury Wellness Spa in Macau" and "2015 Best Luxury Hotel Spa in Macau" by World Luxury Spa Awards. The accolades demonstrated our commitment to enable visitors to enjoy the romantic French elegance and sophistication in Ponte 16 at the heart of vintage Inner Harbour of Macau.

The Group believes that families and the up-rising middle class will continue to be the significant drive for Macau tourism. Ponte 16 continued to leverage its geographical and historical advantages to target at the growing mass market, by offering comprehensive entertainment experience in the Inner Harbour of Macau, and exploring new exciting amenities and programmes to satisfy travellers' ever-changing demand. The first large-scale 3D museum in Macau, Pier 16 Macau 3D World ("Pier 16 3D World"), was opened in May 2015, offering a virtual experience to the tourists and introducing a new attraction to Macau. Pier 16 3D World features more than 150 photography points in different theme zones, where visitors can interact with various themed 3D paintings.

* *Adjusted EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation (and excluded interest income from the pledged bank deposit)*

REVIEW OF OPERATIONS (CONTINUED)

Investment Project – Ponte 16 (continued)

As part of its digital marketing plan, Ponte 16 has strategically introduced the unique culture, heritage, restaurants and attractions in the Inner Harbour of Macau through the monthly online travel magazine "Macau Hot Spot P16". This platform aims at guiding travellers to discover the beauty of Macau, and encouraging them to recognise and explore the entertainment experience around Ponte 16. A total of 21 episodes were produced during the reporting year, which recorded over 680,000 times of browsing among various popular online social media platforms like Facebook, Tudou, Tencent, WeChat, Weibo and YouTube.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 31 December 2015, the Group had net current assets of approximately HK$99.3 million (31 December 2014: approximately HK$165.9 million) and net assets of approximately HK$1,045.7 million (31 December 2014: approximately HK$1,089.6 million).

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by monitoring the trade receivables of its customers on an ongoing basis. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

FINANCIAL REVIEW (CONTINUED)

Liquidity, Financial Resources and Gearing (continued)

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency are Hong Kong dollars, Renminbi, Canadian dollars and United States dollars as substantially all the revenues are in Renminbi, Canadian dollars and United States dollars. The Group's and the Company's transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being a Director and a controlling shareholder of the Company) provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 31 October 2016 to 31 October 2018 by a supplemental letter of agreement dated 15 March 2016. As at 31 December 2015, the Company had owed to Mr. Yeung under the revised loan facility in the amount of approximately HK$20.0 million (31 December 2014: nil).

Jade Travel Ltd., being an indirect non-wholly owned subsidiary of the Company which was incorporated in Canada ("Jade Travel, Canada"), was granted secured bank loans which carried fixed interest rates and the loans should be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the properties of Jade Travel, Canada and their renovation costs. During the reporting year, Jade Travel, Canada had fully repaid the outstanding bank loans (31 December 2014: the outstanding bank loans of approximately CAD1.5 million (equivalent to approximately HK$10.3 million)).

Apart from the aforesaid loans, as at 31 December 2015, there were loans from non-controlling shareholders of approximately CAD3.4 million and HK$7.3 million, totally equivalent to approximately HK$26.3 million (31 December 2014: approximately CAD1.4 million and HK$7.3 million, totally equivalent to approximately HK$16.9 million). The loans were interest-free and unsecured.

FINANCIAL REVIEW (CONTINUED)

Liquidity, Financial Resources and Gearing (continued)

As at 31 December 2015, total equity attributable to owners of the Company was approximately HK$1,066.2 million (31 December 2014: approximately HK$1,078.2 million). The gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 2% as at 31 December 2015 (31 December 2014: approximately 1%).

Pledge of Assets

As at 31 December 2015, the Group had secured the following assets:

(a) the Group pledged the time deposits of approximately CAD1.5 million, USD0.1 million and HK$0.6 million, totally equivalent to approximately HK$9.6 million (31 December 2014: approximately CAD1.3 million and HK$0.5 million, totally equivalent to approximately HK$9.4 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million, a standby letter of credit of approximately USD0.1 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK$9.5 million (31 December 2014: a standby letter of credit and overdraft facility of approximately CAD1.5 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK$10.6 million) for the operations of the Group;

(b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2014: all) of its shares in Pier 16 – Property Development Limited ("Pier 16 – Property Development", an associate of the Group) to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities of HK$1,900 million and RMB400 million granted to Pier 16 – Property Development (the "Syndicated Loan Facilities"); and

(c) the Group's self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK$12.9 million) (31 December 2014: the Group's self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK$15.8 million), together with a time deposit of approximately CAD0.2 million (equivalent to approximately HK$1.0 million)) was pledged to a bank to secure bank loans to Jade Travel, Canada. The said pledge was subsequently released in February 2016.

Contingent Liabilities

The Company gave a corporate guarantee (the "Guarantee") to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Guarantee was HK$1,176 million.

The outstanding loan under the Syndicated Loan Facilities as at 31 December 2015 was approximately HK$358.1 million (31 December 2014: approximately HK$564.8 million).

HUMAN RESOURCES

As at 31 December 2015, the Group had a total of 187 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits. Share options may also be granted to eligible employees of the Group as a long-term incentive.

PROSPECTS

The global and China economic slowdown and the intensive industry competition will continue to impose challenges on the operating environment and the Group's performance in 2016. Nonetheless, the Group is determined to build a sustainable business model with its diversifying businesses and will continue to contribute to the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

Coming to the 40th anniversary of Jade Travel in 2016, the Group has made a step forward in its travel business. With a strategic move to focus on the business development in Canada, the Group collaborated with various airline partners to establish retail outlets and provide travel package and services to the mass population in order to capture the improving travel sentiment in the region. The Group also plans to set up more retail outlets in shopping malls in Canada in 2016, and to enhance the Jade Travel's online booking platform to provide retail and corporate customers with seamless travel solutions. These approaches will energise with Ponte 16 by offering Macau travel recommendations directly to the end-consumers in Canada.

According to the data from the Macau Gaming Inspection and Coordination Bureau, the GGR recorded in early 2016 delivered better performance than market expectation which showed the sign of stabilisation in Macau gaming industry. Although the structural change in Macau is expected to be persistent over the medium to long-term, the Group is optimistic about the future development of the gaming, entertainment and tourist-related markets in Macau. Together with the infrastructure and other supporting facilities opening soon in and nearby Macau, such as the Hong Kong-Zhuhai-Macao Bridge, the Group believes that Macau visitation will increase at a steady pace, which will support the growth of mass market gaming and tourist-related industries. Ponte 16 will continue to implement effective strategies and introduce new excitements to visitors during their stay in Macau.

Lottery sales in China going paperless become an irresistible trend according to the central government's internet plus strategy, thus a regulated and comprehensive mechanism is essential for the viable and sustainable development of the entire paperless lottery market. The Group will continue to closely monitor the development and do its utmost to grasp the opportunities with its established network and resources, aiming at achieving another breakthrough along with the healthy lottery industry trends.

Looking ahead, the Group stays cautious and prudent towards the formulation and implementation of corporate strategies, whereas constantly stretches out its arms to a more diversifying business portfolio. The Group believes that such strategic initiatives will lead it to a stronger foothold in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

CORPORATE GOVERNANCE REPORT

Success Universe Group Limited (the "Company") is committed to maintain high corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE

In the opinion of the directors of the Company ("Director(s)"), the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry of all Directors, each of whom has confirmed his/her compliance with the required standard set out in the Code of Conduct and the Model Code throughout the year under review.

BOARD OF DIRECTORS

The board of Directors (the "Board"), led by its chairman (the "Chairman"), Mr. Yeung Hoi Sing, Sonny, is responsible for overseeing the management of the business and affairs, considering and approving strategic plans and major corporate matters, as well as reviewing operational and financial performance. The Board is committed to make decisions in the best interests of both the Company and its shareholders ("Shareholders").

The Board currently consists of six members, including two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Dr. Ma Ho Man, Hoffman (Deputy Chairman); a non-executive Director, namely Mr. Choi Kin Pui, Russelle ("NED"); and three independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu (collectively "INEDs" or each of them "INED"). With a majority of NED and INEDs, the Board has a strong independent element. All Directors, including the NED and all INEDs, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Board is also characterised by diversity, whether considered in terms of gender, age, educational background, professional experience, skills and knowledge and independence. A list of Directors identifying their role and function is available on the Company's website and on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Directors' biographical information is set out in the biographical details of Directors and senior management on pages 43 and 44 of this annual report.

The roles of the Chairman and the Deputy Chairman of the Board (the "Deputy Chairman") who performs the function of chief executive are segregated and assumed by separate individuals to strike a balance of power and authority so that power and job responsibilities are not concentrated in any one individual of the Board. The Chairman, Mr. Yeung Hoi Sing, Sonny, is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company, while the Deputy Chairman, Dr. Ma Ho Man, Hoffman, is responsible for implementing the Company's strategies regarding the business development of the Company and its subsidiaries (collectively the "Group") as well as managing the Group's business and operations. The functions and responsibilities between the Chairman and the Deputy Chairman are clearly segregated.

Except that Dr. Ma Ho Man, Hoffman is the nephew of Mr. Yeung Hoi Sing, Sonny, to the best knowledge of the Directors, there is no financial, business, family and/or other material/relevant relationship among members of the Board and between the Chairman and the Deputy Chairman who performs the function of chief executive.

BOARD OF DIRECTORS (CONTINUED)

The Board includes three INEDs and one of them, Mr. Chin Wing Lok, Ambrose, is a certified public accountant (practising) and a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants as well as a certified tax adviser and a fellow member of The Taxation Institute of Hong Kong. He has over 29 years of experience in auditing, accounting and taxation.

The NED and all INEDs entered into service contracts with the Company for a term of one year. All executive Directors also entered into service contracts with the Company without specific term of office. Pursuant to the bye-laws of the Company (the "Bye-laws"), all Directors appointed by the Board shall hold office until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the number of Directors) after their appointment and the retiring Director shall be eligible for re-election. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation such that all Directors should be subject to retirement by rotation at least once every three years.

The Board meets regularly throughout the year as and when required. Notices of at least 14 days are given to all Directors for all regular Board meetings. The company secretary of the Company (the "Company Secretary") assists the Chairman in preparing the agendas for the meetings and all Directors are consulted to include any matters in the agendas. Agenda and accompanying board papers are given to all Directors in a timely manner and at least 3 days before the appointed date of each meeting.

During the year under review, four regular Board meetings and four non-regular Board meetings were held. Details of attendance of the Directors at the said Board meetings are set out below:

Directors	Number of Board meetings attended/held
Executive Directors	
Mr. Yeung Hoi Sing, Sonny *(Chairman)*	8/8
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*	8/8
Non-executive Director	
Mr. Choi Kin Pui, Russelle	8/8
Independent non-executive Directors	
Ms. Yeung Mo Sheung, Ann	8/8
Mr. Chin Wing Lok, Ambrose	8/8
Mr. Chong Ming Yu	8/8

During the year under review, one general meeting of the Company, namely the annual general meeting, was held on 3 June 2015 ("2015 AGM"). Details of attendance of the Directors at the 2015 AGM are set out below:

Directors	2015 AGM Attendance
Executive Directors	
Mr. Yeung Hoi Sing, Sonny *(Chairman)*	1/1
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*	1/1
Non-executive Director	
Mr. Choi Kin Pui, Russelle	1/1
Independent non-executive Directors	
Ms. Yeung Mo Sheung, Ann	1/1
Mr. Chin Wing Lok, Ambrose	1/1
Mr. Chong Ming Yu	1/1

BOARD OF DIRECTORS (CONTINUED)

The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them in performing their duties. All Directors are provided with monthly updates giving a balanced and understandable assessment of the Group's performance, financial position and prospects to keep the Directors abreast of the Group's affairs in order to discharge their duties. All Directors are also updated from time to time on major changes/material developments in the laws, rules and regulations applicable to the Company.

During the year, the Board has reviewed and considered that the contribution required from each of the Directors to perform his/her responsibilities to the Company was appropriate and each of the Directors has given sufficient time to perform his/her responsibilities. The Directors have informed the Company in a timely manner of any change in the number and nature of offices held in public companies or organisations and other significant commitments. Each of the Directors discloses semi-annually to the Company the identity and nature of office he/she holds in the public companies or organisations as well as an indication of the time involved.

Every newly appointed Director will be given a comprehensive formal induction covering the Group's businesses as well as the statutory and regulatory obligations of a director of a listed company. To assist the Directors to participate in continuous professional development, the Company arranges and funds suitable training to the Directors to update and enhance their knowledge and skills for performing the Directors' roles and responsibilities. During the year under review, all Directors, namely Mr. Yeung Hoi Sing, Sonny, Dr. Ma Ho Man, Hoffman, Mr. Choi Kin Pui, Russelle, Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu, were provided with reading materials regarding applicable laws, rules and regulations updates and with subject relevant to the business of the Group, and also attended an in-house seminar on "Corporate Governance Code Update and Environmental Social and Governance Factors for Listed Companies in Hong Kong" organised by the Company and conducted by a professional firm. The Directors are also encouraged to attend training relevant to their duties and responsibilities that they consider appropriate. All Directors are requested to provide their respective records of training to the Company.

DELEGATION BY THE BOARD

The Board has established four Board committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the executive committee (the "Executive Committee") to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. The Board has reserved for its decision or consideration on matters covering corporate strategy, annual and interim results, changes of members of the Board and its committees, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. All the Board committees have clear written terms of reference and have to report to the Board regularly on their decisions and recommendations. The day-to-day running of the Group, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to management with divisional heads responsible for different aspects of the business/affairs.

AUDIT COMMITTEE

The Audit Committee was established by the Board with specific written terms of reference. The terms of reference for the Audit Committee is available on the Company's website and the website of the Stock Exchange. The Audit Committee currently consists of the NED and all INEDs and is chaired by Mr. Chin Wing Lok, Ambrose who possesses appropriate professional accounting qualification as required under the Listing Rules.

The Board has delegated to the Audit Committee the responsibility to perform the corporate governance duties set out in the CG Code. During the year under review, the primary duties of the Audit Committee included, inter alia, monitoring integrity of the financial statements of the Company and ensuring objectivity and credibility of financial reporting, reviewing effectiveness of the internal control system of the Group (the "Internal Control System"), overseeing the relationship with the external auditors of the Company ("External Auditors") as well as ensuring maintenance of good corporate governance standard and procedures by the Company. The duties of the Audit Committee set out in its terms of reference were revised on 1 January 2016 in line with the amendments of the CG Code regarding risk management and internal control which applied to accounting periods beginning on or after 1 January 2016.

AUDIT COMMITTEE (CONTINUED)

During the year under review, five Audit Committee meetings were held and details of attendance of the Audit Committee members at the said Audit Committee meetings are set out below:

Audit Committee members	Number of Audit Committee meetings attended/held
Mr. Chin Wing Lok, Ambrose *(Chairman of the Audit Committee)*	5/5
Mr. Choi Kin Pui, Russelle	5/5
Ms. Yeung Mo Sheung, Ann	4/5
Mr. Chong Ming Yu	5/5

The major work performed by the Audit Committee during the year included the following:

– Reviewed the draft annual report and accounts as well as the draft annual results announcement for the year ended 31 December 2014, and the draft interim report and accounts as well as the draft interim results announcement for the six months ended 30 June 2015;

– Discussed with the External Auditors the nature and scope of the audit and reporting obligations;

– Considered the re-appointment of the External Auditors;

– Considered the financial performance of the Group as well as its associates;

– Considered the engagement of an independent professional firm to review the Internal Control System;

– Reviewed the effectiveness of the Internal Control System, including the adequacy of resources, qualifications and experience of staff (the "Accounting Staff") of the Company's accounting and financial reporting function (the "Accounting Function") and their training programmes and budget;

– Reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report contained in the annual report;

– Reviewed and/or approved the terms of engagement of and the fee proposals provided by the External Auditors;

– Reviewed the arrangements for the employees of the Group ("Employees") to raise concerns about possible improprieties in financial reporting, internal control or other matters;

– Reviewed the Company's policies and practices on corporate governance;

– Reviewed the training and continuous professional development of all Directors and the senior management of the Company ("Senior Management");

– Reviewed the Company's policies and practices on compliance with legal and regulatory requirements; and

– Reviewed the codes of conduct, policy, guidelines and compliance manuals applicable to the Directors and the Employees.

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Board with specific written terms of reference. The terms of reference for the Remuneration Committee is available on the Company's website and the website of the Stock Exchange. The Remuneration Committee currently consists of the Chairman of the Board, the NED and all INEDs with Ms. Yeung Mo Sheung, Ann acts as the chairman of the Remuneration Committee.

The major responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy, to determine the remuneration packages of individual executive Directors and Senior Management and also to make recommendations to the Board of the remuneration of the NED and all INEDs. The Remuneration Committee takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the Senior Management.

During the year under review, one Remuneration Committee meeting was held and details of attendance of the Remuneration Committee members at the said Remuneration Committee meeting are set out below:

Remuneration Committee members	Number of Remuneration Committee meeting attended/held
Ms. Yeung Mo Sheung, Ann *(Chairman of the Remuneration Committee)*	1/1
Mr. Yeung Hoi Sing, Sonny	1/1
Mr. Choi Kin Pui, Russelle	1/1
Mr. Chin Wing Lok, Ambrose	1/1
Mr. Chong Ming Yu	1/1

The major work performed by the Remuneration Committee during the year included the following:

– Determined the remuneration package of newly appointed Senior Management;

– Reviewed the Company's remuneration policy and structure for all Directors and Senior Management;

– Assessed the performance of all executive Directors and reviewed and determined the remuneration packages of all executive Directors and the Senior Management;

– Reviewed the remuneration packages of the NED and all INEDs;

– Reviewed the terms of the service contracts of all executive Directors; and

– Considered the annual performance bonus for the Senior Management.

NOMINATION COMMITTEE

The Nomination Committee was established by the Board with specific written terms of reference. The terms of reference for the Nomination Committee is available on the Company's website and the website of the Stock Exchange. The Nomination Committee currently consists of the Chairman of the Board, the NED and all INEDs with Mr. Yeung Hoi Sing, Sonny acts as the chairman of the Nomination Committee.

The major responsibilities of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board annually, to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection for directorships, to assess the independence of INEDs, to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, and to review the Board diversity policy of the Company (the "Board Diversity Policy") as appropriate.

The Board has adopted the Board Diversity Policy which set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance, and will select candidates for the Board basing on a range of diversity perspectives, including but not limited to gender, age, educational background, professional experience, skills, knowledge and independence (the "Measurable Objectives"). The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Measurable Objectives set for implementing the Board Diversity Policy by considering the Company's business model and specific needs from time to time and will recommend any revision thereof, if necessary, to the Board for consideration and approval.

The Nomination Committee will review, as appropriate, the Board Diversity Policy to ensure its effectiveness. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year under review, two Nomination Committee meetings were held and details of attendance of the Nomination Committee members at the said Nomination Committee meetings are set out below:

Nomination Committee members	Number of Nomination Committee meetings attended/held
Mr. Yeung Hoi Sing, Sonny *(Chairman of the Nomination Committee)*	2/2
Mr. Choi Kin Pui, Russelle	2/2
Ms. Yeung Mo Sheung, Ann	2/2
Mr. Chin Wing Lok, Ambrose	2/2
Mr. Chong Ming Yu	2/2

The major work performed by the Nomination Committee during the year included the following:

- Considered the nomination of the retiring Directors for re-election as Directors at the 2015 AGM;
- Reviewed the structure, size and composition of the Board;
- Assessed the independence of all INEDs and reviewed all INED's annual confirmations on their independence;
- Reviewed the policy for the nomination of Directors; and
- Reviewed the Board Diversity Policy.

EXECUTIVE COMMITTEE

The Executive Committee was established by the Board with specific written terms of reference. It currently consists of all executive Directors, namely Mr. Yeung Hoi Sing, Sonny and Dr. Ma Ho Man, Hoffman with Mr. Yeung Hoi Sing, Sonny acts as the chairman of the Executive Committee. The Executive Committee is responsible for reviewing and approving, inter alia, any matters concerning the day-to-day management, business and operations affairs of the Company, and any matters to be delegated to it by the Board from time to time.

During the year under review, four Executive Committee meetings were held and details of attendance of the Executive Committee members at the said Executive Committee meetings are set out below:

Executive Committee members	Number of Executive Committee meetings attended/held
Mr. Yeung Hoi Sing, Sonny *(Chairman of the Executive Committee)*	4/4
Dr. Ma Ho Man, Hoffman	4/4

INTERNAL CONTROLS

The Board acknowledges its responsibilities for the internal control of the Group, including risk management. The Company has annually engaged an independent professional firm (the "Independent Professional Firm") to review the Internal Control System which covers financial, operational and compliance controls as well as risk management functions. During the year, the Independent Professional Firm has conducted a review on the Internal Control System and the relevant review report has been considered by the Audit Committee for assessing the effectiveness of the Internal Control System. The Board, through the reviews made by the Independent Professional Firm and the Audit Committee, concluded that the Internal Control System was effective.

The Audit Committee has also reviewed the adequacy of resources of the Accounting Function, the qualifications and experience of the Accounting Staff, and their training programmes and budget during the year. The Board, through the review made by the Audit Committee, considered that the resources of the Accounting Function as well as the qualifications and experience of the Accounting Staff are adequate and the training programmes and budget for the Accounting Staff are sufficient.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the External Auditors, HLB Hodgson Impey Cheng Limited ("HLB"), about their reporting responsibilities on the financial statements of the Group is set out in the paragraph headed "Auditors' Responsibility" under the section headed "Independent Auditors' Report" on page 45 of this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 31 December 2015, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are as follows:

	HK$'000
Audit services	975
Other advisory services *(Note)*	280
	1,255

Note: Other advisory services mainly comprised interim review services and other reporting services.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to provide clear and full information of the Group to the Shareholders through the publication of notices, announcements, circulars and financial reports of the Company. Additional information, such as press releases and other business information, is also available and updated in a timely manner on the Company's website at www.successug.com.

The annual general meeting of the Company ("AGM(s)") provides a useful forum for the Shareholders to exchange views with the Board. The Chairman, also being the chairman of the Nomination Committee and the Executive Committee respectively, as well as the chairmen of the Audit Committee and the Remuneration Committee were present at the 2015 AGM to answer the Shareholders' questions. HLB also attended the 2015 AGM for the purposes of answering questions about the conduct of the audit, the preparation and contents of the auditors' report, the accounting policies and auditors independence.

Separate resolutions are proposed at general meetings on each substantially separate issues, including the election of individual Directors. Notices of at least 20 clear business days and 10 clear business days are given to the Shareholders for all AGMs and special general meetings ("SGM(s)") of the Company respectively. Detailed procedures for conducting a poll are clearly explained at the commencement of the general meetings.

The Board has adopted a Shareholders' communication policy for the purposes of ensuring that the Shareholders are provided with ready, equal and timely access to information about the Company, enabling the Shareholders to exercise their rights in an informed manner and allowing the Shareholders to engage actively with the Company. Details regarding the necessary procedures for the Shareholders to propose a person for election as a Director are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes is the Company Secretary. Her biographical information is set out in the sub-paragraph headed "Company Secretary" under the section headed "Biographical Details of Directors and Senior Management" on page 44 of this annual report.

During the year under review, in compliance with Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Convening a SGM

Pursuant to bye-law 58 of the Bye-laws, the Board may whenever it thinks fit call SGMs, and Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company's head office and principal place of business (the "Head Office") at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's Branch Share Registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to call the SGM and include the resolution in the agenda for such SGM.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Putting forward proposals at Shareholders' Meetings

To put forward proposals at an AGM or a SGM, the Shareholders should submit a written notice of those proposals with the detailed contact information to the Company Secretary at the Head Office at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The request will be verified with the Company's Branch Share Registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at AGM or SGM varies according to the nature of the proposal, as follows:

(a) Not less than 21 clear days' notice or not less than 20 clear business days' notice (whichever is longer) in writing if the proposal constitutes an ordinary resolution of the Company in an AGM and not less than 21 clear days' notice or not less than 10 clear business days' notice (whichever is longer) in writing if the proposal constitutes a special resolution of the Company in any SGM; or

(b) Not less than 14 clear days' notice or not less than 10 clear business days' notice (whichever is longer) in writing if the proposal constitutes an ordinary resolution of the Company in all other SGMs.

Shareholders' enquiries

The Shareholders should direct their questions about their shareholdings to the Company's Branch Share Registrar in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. The Shareholders may also make enquiries to the Board in writing with their contact information and deposit the enquiries at the Head Office at Suite 1601-2 & 8-10, 16/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary.

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's memorandum of association and the Bye-laws.

REPORT OF DIRECTORS

The directors ("Director(s)") of Success Universe Group Limited (the "Company") is pleased to present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the travel-related and lottery businesses during the year.

Particulars of the Company's subsidiaries as at 31 December 2015 are set out in note 42 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 47 of this annual report.

No interim dividend was paid during the year (2014: nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2015 (2014: nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 6 to 8 and pages 10 to 23 respectively of this annual report as well as the following sub-paragraphs headed "Environmental Policies and Performance", "Compliance with Laws and Regulations" and "Relationships with Key Stakeholders".

Environmental Policies and Performance

The Group believes that continued success depends on the long-term development of businesses and the communities, while sustainability issues have to be taken into consideration of major corporate decisions involving economic, environmental and social impacts. The Group cares about people, the community and the environment, and has contributed appropriate resources to ensure proper coordination of effort in moving towards sustainable development.

As part of the Group's commitment to sustainability, certain guidelines on environmental protection have been implemented in order to promote environmental awareness among employees and adopt green management and practices in workplace.

The Group adheres to the principles of reducing, reusing and recycling. Since paper and electricity are the major resources consumed in the offices, internal recycling programme on a continuous basis for consumable goods, such as toner cartridges and paper, is in place to minimise the operation impacts on the environment and natural resources. Employees are also encouraged to adopt double-sided printing and copying practice. In addition, the Group aims at using environmental friendly materials when appropriate, while the interim and annual reports of the Company have been printed on Forest Stewardship Council (FSC) certified paper which is sourced from well-managed forest since 2013.

To reduce energy consumption, employees are advised to switch off lights and electrical appliances after use. The Group is also using Hong Kong Electrical and Mechanical Services Department certified electricity consumption appliances as well as replacing the conventional lights with compact fluorescent light-bulbs and LED lighting to enhance energy efficiency progressively.

BUSINESS REVIEW (CONTINUED)

Compliance with Laws and Regulations

The Group is committed to maintain a high level of corporate compliance with the legal and regulatory requirements in respect of businesses and operations. The Group's operations are mainly carried out by the Company's subsidiaries in Canada and the People's Republic of China (the "PRC") while the Company itself was incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group accordingly shall comply with relevant laws and regulations in, inter alia, Canada, the PRC, Hong Kong and Bermuda.

As far as the board of Directors (the "Board") is aware, during the year and up to the date of this report, the Group has complied with the relevant laws and regulations that have significant impact on its businesses and operations.

Relationships with Key Stakeholders

The Group's success also depends on the support from its key stakeholders which comprise, inter alia, employees, business partners, suppliers and customers.

Employees are regarded as important and valuable assets of the Group. Therefore, the Group provides competitive remuneration packages to attract, motivate and retain employees for their continued contribution to the Group and also encourages them by way of sponsorship to attend training courses which help employees' career development.

Besides, the Group has developed and maintained solid and steady relationships with its business partners and suppliers, and provides high quality services to its customers so as to enhance its competitiveness, sustainability and future development.

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 December 2015 by business and geographical segments is set out in note 6 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 120.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 51 of this annual report and note 41 to the consolidated financial statements respectively.

CHARITABLE CONTRIBUTIONS

No charitable and other donations were made by the Group during the year (2014: nil).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

There was no movement in the share capital of the Company during the year. Details of the share capital of the Company are set out in note 31 to the consolidated financial statements.

LOANS AND BORROWINGS

Details of the loans and borrowings of the Group as at 31 December 2015 are set out in notes 26, 27 and 30 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:
Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Dr. Ma Ho Man, Hoffman *(Deputy Chairman)*

Non-executive Director ("NED"):
Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors ("INED(s)"):
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose
Mr. Chong Ming Yu

In accordance with bye-law 87 of the bye-laws of the Company (the "Bye-laws"), Mr. Choi Kin Pui, Russelle and Ms. Yeung Mo Sheung, Ann ("Ms. Ann Yeung") shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company (the "2016 AGM").

The Company has received from each of the existing INEDs, namely Ms. Ann Yeung, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu, an annual confirmation of her/his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and all of the said INEDs were considered to be independent.

Ms. Ann Yeung has served the Company for more than 9 years. She has no financial, business, family or other relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. As INED with extensive experience and knowledge in legal aspects and in-depth understanding of the Group's operations and businesses, Ms. Ann Yeung has given independent guidance to the Board over the years, and she continues demonstrating a firm commitment to her role. The nomination committee of the Board considers that the long service of Ms. Ann Yeung would not affect her exercise of independent judgement and is satisfied that Ms. Ann Yeung has the required character, integrity and experience to continue fulfilling the role of an INED. The Board therefore recommends the re-election of Ms. Ann Yeung as an INED and a separate resolution in relation to the said re-election will be proposed at the 2016 AGM.

CHANGES OF DIRECTORS' INFORMATION

Ms. Ann Yeung, an INED, was appointed as an independent non-executive director of Tai Shing International (Holdings) Limited, a company whose issued shares are listed on the Growth Enterprise Market of the Stock Exchange, with effect from 1 March 2016.

Save as disclosed above, there was no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Interim Report 2015 of the Company and up to the date of this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2016 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENTS

Details of the emoluments of the Directors on a named basis are set out in note 11 to the consolidated financial statements. There has been no arrangement under which a Director or a director of the subsidiaries of the Company has waived or agreed to waive any emoluments.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Bye-laws, the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in or about the execution of the duties in their respective offices or otherwise in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Directors.

During the year and up to the date of this report, the Company has in force indemnity provisions as permitted under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the benefit of the Directors and directors/former directors of the subsidiaries of the Company.

CONNECTED TRANSACTIONS/DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

On 1 December 2008, the Company as borrower and Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), an executive Director and a controlling shareholder of the Company ("Controlling Shareholder"), as lender entered into a letter of agreement regarding an unsecured term loan facility of up to HK$200 million ("Loan Facility"). The rate of interest on the entire principal amount drawn and outstanding under the Loan Facility was the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. On 14 April 2009, the Company and Mr. Yeung also entered into a letter of agreement to increase the principal amount of the Loan Facility up to HK$290 million. In addition, Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to him under the revised Loan Facility before 30 June 2010 (the "Final Repayment Date"). The Final Repayment Date was extended to (i) 30 June 2011 by a letter of agreement dated 25 June 2009; and (ii) 30 October 2012 by another letter of agreement dated 23 June 2010.

On 15 March 2012, Mr. Yeung entered into a letter agreement with the Company to further extend the Final Repayment Date to 31 October 2013 and to confirm that any amount repaid under the revised Loan Facility should be available to further advances within the availability period of the revised Loan Facility.

Besides, the Final Repayment Date was further extended to (i) 31 October 2014 by a letter agreement dated 18 March 2013; and (ii) 31 October 2016 by another letter of agreement dated 21 March 2014. After the reporting period, the Company and Mr. Yeung entered into a supplemental letter of agreement on 15 March 2016 to further extend the Final Repayment Date to 31 October 2018.

The connected transaction mentioned above is fully exempt from shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules. Details of other connected transactions of the Company during the year which are fully exempt from shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules are set out in notes 34, 37(e) and 37(f) to the consolidated financial statements.

Save as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's businesses to which the Company, its parent company or any of its subsidiaries was a party and in which a Director or any entity connected with him/her or a Controlling Shareholder or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2015, none of the Directors and their respective associates was interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses, other than those businesses where the Directors were appointed as directors to represent the interests of the Group.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2015, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules:

Interest in the shares of the Company ("Share(s)")

Name of Director	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of issued voting Shares as at 31 December 2015 %
Mr. Yeung *(Note)*	Long position	Corporate interest	2,466,557,462	50.07

Note: Mr. Yeung, an executive Director and the Chairman of the Company, had a corporate interest in 2,466,557,462 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is wholly-owned by Mr. Yeung.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company adopted a share option scheme on 5 June 2014 (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution to the Group or any entity in which any member of the Group holds any equity interest and any subsidiary of such entity ("Invested Entity"). The Share Option Scheme became effective on 10 June 2014 and, unless early termination by the Company in general meeting or by the Board, shall be valid and effective for a period of 10 years from the date of its adoption on 5 June 2014.

Under the Share Option Scheme, the Directors are authorised at their absolute discretion to invite eligible persons to take up options to subscribe for Shares. Eligible persons under the Share Option Scheme include (i) any employee (whether full time or part time and including executive director) of any member(s) of the Group or any Invested Entity; (ii) any non-executive director (including independent non-executive director) of any member of the Group or any Invested Entity; (iii) any consultant, adviser or agent engaged by any member of the Group or any Invested Entity, who is eligible to participate in a share option scheme of the Company; and (iv) any vendor, supplier of goods or services or customer of or to any member of the Group or any Invested Entity, who is eligible to participate in a share option scheme of the Company.

There is no provision in the Share Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the Board may at its absolute discretion from time to time provide such requirements in the offer of grant of options.

The maximum number of Shares available for issue under options which may be granted under the Share Option Scheme and any other share option scheme(s) of the Company is 492,649,119 Shares (being not more than 10% of the total number of Shares in issue as at the date of adoption of the Share Option Scheme (the "Scheme Limit")), representing approximately 10% of the total number of Shares in issue as at the date of this annual report.

The Company may seek approval of its shareholders in general meeting for refreshing the Scheme Limit save that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company under the Scheme Limit so refreshed shall not exceed 10% of the total number of Shares in issue as at the date of such approval (the "New Scheme Limit"). Options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the respective provisions of the scheme(s) of the Company or exercised options) will not be counted for the purpose of calculating the New Scheme Limit.

Notwithstanding aforesaid in above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme or any other share option scheme(s) adopted by the Company (whether exercised, cancelled or outstanding) to each eligible person in any 12-month period up to and including the date of offer shall not exceed 1% of the total number of Shares in issue on the date of offer, unless such grant is approved by the shareholders of the Company in general meeting at which such eligible person and his or her associates shall abstain from voting.

The exercise price in respect of any option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer of the option, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date on which the option is offered; and (iii) the nominal value of a Share.

SHARE OPTION SCHEME AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (CONTINUED)

The offer of a grant of share option must be accepted not later than 28 days after the date of offer, upon payment of a consideration of HK$1 by the grantee. The exercise period of the share option granted is determined by the Board, save that such period shall not exceed a period of 10 years commencing on the date upon which the share option is granted.

No share options had been granted under the Share Option Scheme since its adoption and up to 31 December 2015.

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2015, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in the Shares

Name of substantial shareholder	Long position/ Short position	Capacity	Number of Shares held	Approximate percentage of issued voting Shares as at 31 December 2015 %
Silver Rich Macau Development Limited	Long position	Beneficial owner	2,466,557,462	50.07
Ms. Liu Siu Lam, Marian *(Note)*	Long position	Interest of spouse	2,466,557,462	50.07
Maruhan Corporation	Long position	Beneficial owner	956,633,525	19.42

Note: Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung, was deemed to be interested in 2,466,557,462 Shares in which Mr. Yeung had a corporate interest.

Save as disclosed above, as at 31 December 2015, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Based on the disclosure obligations under Rules 13.20 and 13.22 of the Listing Rules, the financial assistance, which was made by the Group by way of the shareholder's loans provided by World Fortune Limited ("World Fortune", an indirect wholly-owned subsidiary of the Company), and a corporate guarantee given by the Company in respect of the payment obligation of Pier 16 – Property Development Limited ("Pier 16 – Property Development", a 49% owned associate of World Fortune) under syndicated loan facilities granted to Pier 16 – Property Development (the "Financial Assistance"), continued to exist as at 31 December 2015. Pier 16 – Property Development is principally engaged in the investment, development and, through its subsidiaries, operating Ponte 16, a world-class integrated casino-entertainment resort located in Macau. The Financial Assistance is mainly used for the development and operations of Ponte 16.

The amounts of the Financial Assistance as at 31 December 2015 were set out below:

Name of associate	Shareholder's loans HK$ million	Corporate guarantee HK$ million	Aggregate financial assistance HK$ million
Pier 16 – Property Development	758	1,176	1,934

The shareholder's loans provided by World Fortune are unsecured, interest-free and have no fixed terms of repayment.

Further details are set out in notes 19 and 36 to the consolidated financial statements.

Set out below is a consolidated balance sheet of Pier 16 – Property Development and the Group's attributable interests in this associate according to its audited consolidated financial statements for the year ended 31 December 2015:

	Consolidated balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	1,575,647	772,067
Current assets	601,764	294,864
Current liabilities	(330,207)	(161,801)
Non-current liabilities	(2,159,659)	(1,058,233)

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2015.

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

During the year ended 31 December 2015, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 12.07% of total revenue from sales of goods or rendering of services of the Group, of which the largest customer accounted for approximately 3.90% and the five largest suppliers of the Group accounted for approximately 91.64% of total purchases of the Group, of which the largest supplier accounted for approximately 78.19%.

None of the Directors or any of their respective close associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) had any beneficial interest in the above five largest customers or five largest suppliers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained a sufficient public float as prescribed under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

EMOLUMENT POLICY

The remuneration committee (the "Remuneration Committee") of the Board is responsible for determining the remuneration packages of individual executive Directors and senior management of the Company ("Senior Management"). Besides, the Remuneration Committee makes recommendations to the Board for its determination on the remuneration of the NED and all INEDs. Factors which include, inter alia, salaries paid by comparable companies, qualifications, experience, time commitment and responsibilities of the Directors and the Senior Management as well as prevailing market condition are considered by the Remuneration Committee for determining/making proposals on remuneration of the relevant Directors and Senior Management.

The remuneration packages of employees of the Group (other than the executive Directors and the Senior Management) are determined and reviewed periodically on the basis of their respective qualifications, experience, responsibilities and performance as well as prevailing market condition. In addition to salaries, the Company offers staff benefits which include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. The Group also operates a share option scheme pursuant to which share options might be granted as a long-term incentive to its directors and employees.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in note 33(a) to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on pages 24 to 32 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

As mentioned in the paragraph headed "Connected Transactions/Directors' and Controlling Shareholders' Material Interests in Transactions, Arrangements or Contracts of Significance" in this report, a supplemental letter of agreement was entered into between the Company and Mr. Yeung on 15 March 2016 to further extend the Final Repayment Date regarding the revised Loan Facility to 31 October 2018.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2015 have been audited by HLB Hodgson Impey Cheng Limited, who shall retire at the 2016 AGM and, being eligible, will offer themselves for re-appointment.

On behalf of the Board
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 30 March 2016

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Yeung Hoi Sing, Sonny, aged 61, joined the Group in 2003. He is an executive director and the Chairman of the Company as well as a director of the subsidiaries of the Company. He is also the chairman of the nomination committee (the "Nomination Committee") and the executive committee (the "Executive Committee") of the board of directors (the "Board") of the Company, and a member of the remuneration committee (the "Remuneration Committee") of the Board. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He was a member of the Eighth to Eleventh National Committee of the Chinese People's Political Consultative Conference and has over 32 years of experience in finance industry in Hong Kong. Prior to joining the Group, Mr. Yeung held managerial roles in several financial service sectors such as leveraged foreign exchange trading, and securities and futures brokerage. He is presently the sole beneficial owner of Success Securities Limited ("Success Securities"), which is a licensed corporation under the Securities and Futures Ordinance as well as a participant of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), principally engaged in the provision of securities brokerage services. Mr. Yeung has certain private investments in property development businesses in Hong Kong, Macau and Canada. He is also the sole beneficial owner and a director of Silver Rich Macau Development Limited, being a controlling shareholder of the Company. Mr. Yeung is the uncle of Dr. Ma Ho Man, Hoffman, an executive director and the Deputy Chairman of the Company.

Dr. Ma Ho Man, Hoffman, aged 42, joined the Group in 2005. He is an executive director and the Deputy Chairman of the Company as well as a director of the subsidiaries of the Company. Dr. Ma is also a member of the Executive Committee. He is responsible for implementing the Company's strategies regarding the business development of the Group as well as managing the Group's business and operations. Dr. Ma has over 19 years of experience in the financial industry and years of managerial experience. He joined Success Securities, which is beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), being an executive director and the Chairman of the Company, in 2000. He has been a director of Success Securities since November 2008 and is responsible for overseeing its marketing affairs. Dr. Ma is presently a member of the Chongqing Committee of the Chinese People's Political Consultative Conference. He was an executive director and the chairman of See Corporation Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange. Dr. Ma was awarded Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctorate of Management by Lincoln University in 2009 and 2010 respectively. He is the nephew of Mr. Yeung.

Non-executive Director

Mr. Choi Kin Pui, Russelle, aged 61, joined the Group in 2003. He is a non-executive director of the Company as well as a member of the audit committee (the "Audit Committee") of the Board, the Remuneration Committee and the Nomination Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 22 years of management experience in the telecommunication industry in Hong Kong, the United States of America (the "US") and the People's Republic of China (the "PRC"). Mr. Choi established Elephant Talk Limited in 1994, a wholly-owned subsidiary of Elephant Talk Communications Inc. ("ETCI"). ETCI was an American corporation whose securities are quoted on the Over-The-Counter Bulletin Board in the US and engaged in the provision of telecommunications services in Hong Kong and the US. Mr. Choi was a director of ETCI from 2002 to 2008 as well as the president and the chief executive officer of ETCI from 2002 to 2006 and was responsible for the planning of the overall strategy of ETCI. He also served as the chairman of ET Network Services Limited (now known as Guangdong Ming Ying Financial Leasing Co Limited), a Hong Kong company engaged in the provision of internet access and outsourcing services in the PRC and Hong Kong.

DIRECTORS (CONTINUED)

Independent Non-executive Directors

Ms. Yeung Mo Sheung, Ann, aged 51, joined the Group in 2004. She is an independent non-executive director of the Company. She is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Ms. Yeung holds a Bachelor degree of Retail Marketing with honours in the United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice in the United Kingdom in 1998. Ms. Yeung has over 17 years of experience in legal field and is presently a solicitor of Messrs. Wong & Wong, Lawyers, a legal firm in Hong Kong. She is also an independent non-executive director of Merdeka Financial Services Group Limited (formerly known as Merdeka Mobile Group Limited and Merdeka Resources Holdings Limited), E Lighting Group Holdings Limited and Tai Shing International (Holdings) Limited, the issued shares of the said companies are listed on the Growth Enterprise Market of the Stock Exchange. Ms. Yeung was an independent non-executive director of Dejin Resources Group Company Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange, and Hao Wen Holdings Limited, a company whose issued shares are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Chin Wing Lok, Ambrose, aged 51, joined the Group in 2012. He is an independent non-executive director of the Company. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Chin is a certified public accountant (practising) and a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators as well as a certified tax adviser and a fellow member of The Taxation Institute of Hong Kong. He has over 29 years of experience in auditing, accounting and taxation. Mr. Chin is presently the sole practitioner of CNT & Co., Certified Public Accountants.

Mr. Chong Ming Yu, aged 42, joined the Group in 2014. He is an independent non-executive director of the Company as well as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Chong holds a Bachelor degree of Laws and a Postgraduate Certificate in Laws from City University of Hong Kong. He has been admitted as a practising solicitor since January 1999, with focus on the field of conveyancing, civil litigation and commercial. Mr. Chong has over 19 years of experience in legal field and is presently a consultant to Messrs. Kong & Tang, Solicitors, a legal firm in Hong Kong.

SENIOR MANAGEMENT

Company Secretary

Ms. Chiu Nam Ying, Agnes, aged 42, joined the Group in 2003. She is the company secretary of the Company and is responsible for overseeing all legal matters of the Group. Ms. Chiu is a qualified solicitor and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master degree of Laws from The University of Sheffield, United Kingdom. Before joining the Group, Ms. Chiu was a practising solicitor in a local law firm and possessed experience in banking and finance as well as property related matters.

Financial Controller

Mr. To Kwok Leung, aged 53, joined the Group in 2016. He is the financial controller of the Group and is responsible for financial and accounting matters of the Group. Mr. To is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He has over 27 years of experience in accounting and corporate finance gained in property development, hotel, entertainment and retailing companies.

INDEPENDENT AUDITORS' REPORT

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

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

TO THE SHAREHOLDERS OF SUCCESS UNIVERSE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Success Universe Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 119, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Ng Ka Wah
Practising Certificate Number: P06417

Hong Kong, 30 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing operations			
Revenue	6,7	**1,010,669**	1,304,669
Cost of sales		**(973,492)**	(1,221,959)
Gross profit		**37,177**	82,710
Other revenue and gains	8	**26,216**	30,013
Administrative expenses		**(95,507)**	(95,407)
Selling expenses		**(6,496)**	(13,697)
Other operating expenses	9(c)	**(2,247)**	(16,380)
Loss from operations		**(40,857)**	(12,761)
Finance costs	9(a)	**(601)**	(2,162)
Share of results of joint ventures		**527**	346
Share of results of associates		**29,288**	88,047
(Loss)/profit before taxation	9	**(11,643)**	73,470
Taxation	10(a)	**–**	–
(Loss)/profit for the year from continuing operations		**(11,643)**	73,470
Discontinued operation			
Profit for the year from discontinued operation	14(a)	**–**	44,312
(Loss)/profit for the year		**(11,643)**	117,782
Attributable to:			
Owners of the Company		**(6,670)**	96,890
Non-controlling interests		**(4,973)**	20,892
(Loss)/profit for the year		**(11,643)**	117,782
(Loss)/earnings per share	15		
From continuing and discontinued operations			
– Basic and diluted		**(0.14) HK cents**	1.97 HK cents
From continuing operations			
– Basic and diluted		**(0.14) HK cents**	1.48 HK cents

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
(Loss)/profit for the year	**(11,643)**	117,782
Other comprehensive loss		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(6,768)**	(3,564)
Total other comprehensive loss for the year, net of tax	**(6,768)**	(3,564)
Total comprehensive (loss)/income for the year	**(18,411)**	114,218
Attributable to:		
Owners of the Company	**(11,764)**	93,918
Non-controlling interests	**(6,647)**	20,300
Total comprehensive (loss)/income for the year	**(18,411)**	114,218

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**22,138**	26,097
Intangible assets	18	**10,833**	15,327
Interests in associates	19	**967,108**	937,820
Interests in joint ventures	20	**4,089**	1,562
		1,004,168	980,806
CURRENT ASSETS			
Trade and other receivables	21	**56,832**	142,954
Tax recoverable	29(a)	**897**	7
Pledged bank deposits	22	**9,598**	10,396
Cash and cash equivalents	23	**81,784**	71,574
		149,111	224,931
CURRENT LIABILITIES			
Trade and other payables	24	**29,483**	38,317
Deferred income	25	**339**	135
Bank loans – due within one year	26	**–**	598
Financial guarantee contract	28	**19,995**	19,995
		49,817	59,045
NET CURRENT ASSETS		**99,294**	165,886
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,103,462**	1,146,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT LIABILITIES			
Deferred income	25	**1,075**	–
Bank loans – due after one year	26	**–**	9,746
Loans payables	27	**26,306**	16,896
Financial guarantee contract	28	**10,000**	29,995
Deferred tax liabilities	29(b)	**409**	488
Loan from a director and controlling shareholder	30	**20,000**	–
		57,790	57,125
NET ASSETS		**1,045,672**	1,089,567
CAPITAL AND RESERVES			
Share capital	31	**49,265**	49,265
Reserves		**1,016,923**	1,028,937
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,066,188**	1,078,202
NON-CONTROLLING INTERESTS		**(20,516)**	11,365
TOTAL EQUITY		**1,045,672**	1,089,567

Approved and authorised for issue by the board of directors on 30 March 2016.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000 (Note (a))	Distributable reserve HK$'000 (Note (b))	Capital redemption reserve HK$'000	Exchange reserve HK$'000 (Note (c))	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014	49,265	1,418,963	52,333	976	(1,538)	–	(535,275)	984,724	24,825	1,009,549
Profit for the year	–	–	–	–	–	–	96,890	96,890	20,892	117,782
Other comprehensive loss for the year	–	–	–	–	(2,972)	–	–	(2,972)	(592)	(3,564)
Total comprehensive (loss)/income for the year	–	–	–	–	(2,972)	–	96,890	93,918	20,300	114,218
Acquisition of additional interests in a subsidiary *(note 34)*	–	–	–	–	–	–	(440)	(440)	440	–
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	–	–	(34,200)	(34,200)
Transfer to other reserve	–	–	–	(976)	–	976	–	–	–	–
At 31 December 2014	49,265	1,418,963	52,333	–	(4,510)	976	(438,825)	1,078,202	11,365	1,089,567
At 1 January 2015	49,265	1,418,963	52,333	–	(4,510)	976	(438,825)	1,078,202	11,365	1,089,567
Loss for the year	–	–	–	–	–	–	(6,670)	(6,670)	(4,973)	(11,643)
Other comprehensive loss for the year	–	–	–	–	(5,094)	–	–	(5,094)	(1,674)	(6,768)
Total comprehensive loss for the year	–	–	–	–	(5,094)	–	(6,670)	(11,764)	(6,647)	(18,411)
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	–	–	(22,113)	(22,113)
Disposal of subsidiaries *(note 32(a))*	–	–	–	–	–	–	–	–	(4)	(4)
Disposal of partial interest in a subsidiary *(note 32(b))*	–	–	–	–	(384)	–	134	(250)	(3,117)	(3,367)
At 31 December 2015	**49,265**	**1,418,963**	**52,333**	**–**	**(9,988)**	**976**	**(445,361)**	**1,066,188**	**(20,516)**	**1,045,672**

(a) **Share premium**
The application of the share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(b) **Distributable reserve**
The distributable reserve is the reserve of the Company available for distribution to the shareholders as calculated under the Companies Act 1981 of Bermuda.

(c) **Exchange reserve**
The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(p).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
(Loss)/profit before taxation from:			
Continuing operations		**(11,643)**	73,470
Discontinued operation	14	**–**	44,312
Adjustment for:			
Interest income	8	**(172)**	(187)
Finance costs	9(a)	**601**	2,162
Depreciation of property, plant and equipment	9(d), 16	**3,274**	6,405
Amortisation on intangible assets	9(d), 18	**–**	328
Amortisation on financial guarantee contract	8, 28	**(19,995)**	(19,995)
Share of results of joint ventures		**(527)**	(346)
Share of results of associates		**(29,288)**	(88,047)
Reversal of impairment loss recognised on other receivables	8, 21(b)	**–**	(264)
Impairment loss recognised on			
– intangible assets	9(c), 18	**2,007**	16,380
– trade receivables	9(c), 21(a)	**240**	–
– goodwill	17	**–**	1,313
Write back of long-outstanding trade payables	8	**(100)**	(263)
Exchange alignment		**4,106**	1,728
Gain on settlement of loans payables	8	**–**	(1,809)
Gain on disposal of subsidiaries	8, 32(a)	**(9)**	–
Net gain on disposal of property, plant and equipment	8	**(14)**	(45,152)
Reversal of impairment loss recognised on amount due from a joint venture	8, 20	**(2,000)**	–
Operating loss before changes in working capital		**(53,520)**	(9,965)
Decrease in inventories		**–**	1,522
Decrease/(increase) in trade and other receivables		**75,583**	(98,082)
(Decrease)/increase in trade and other payables		**(4,714)**	4,956
Increase/(decrease) in deferred income		**1,302**	(882)
Cash generated from/(used in) operations		**18,651**	(102,451)
Income tax (paid)/refunded			
– Overseas tax (paid)/refunded		**(897)**	343
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**17,754**	(102,108)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	16	**(2,337)**	(5,597)
Net proceeds from disposal of property, plant and equipment		**23**	91,604
Net cash outflow from disposal of subsidiaries	32(a)	**(479)**	–
Proceeds from disposal of partial interest in a subsidiary	32(b)	**2,120**	–
Decrease in amounts due from associates		**–**	98,000
Decrease in amount due from a joint venture		**–**	500
Increase in pledged bank deposits		**(801)**	(200)
Interest income received		**172**	187
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(1,302)**	184,494
FINANCING ACTIVITIES			
Dividend paid to non-controlling shareholder		**(22,113)**	(34,200)
Loan from non-controlling shareholder		**6,088**	1,613
Repayment of finance lease		**–**	(129)
Repayment of bank loans		**(8,665)**	(565)
Payment for profit guarantee liabilities		**–**	(5,308)
Loan from a director and controlling shareholder		**20,000**	40,000
Repayment of loan from a director and controlling shareholder		**–**	(90,000)
Finance costs paid		**(601)**	(2,162)
NET CASH USED IN FINANCING ACTIVITIES		**(5,291)**	(90,751)
Net increase/(decrease) in cash and cash equivalents		**11,161**	(8,365)
Cash and cash equivalents at the beginning of the year		**71,574**	80,423
Effect of foreign exchange rate changes		**(951)**	(484)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**81,784**	71,574
Analysis of balances of cash and cash equivalents			
Cash and bank balances	23	**81,784**	71,574

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

1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act 1981 of Bermuda and its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its controlling shareholder is Silver Rich Macau Development Limited, a company incorporated in the British Virgin Islands with limited liability.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS(s)"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

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

The HKICPA has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised standards, amendments and interpretation ("New HKFRSs"), which are first effective or available for early adoption for the current accounting period of the Group (as defined hereinafter). Note 3 provides information on 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 consolidated financial statements.

(b) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements included the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associates and joint ventures made up to 31 December each year.

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Preparation of the Consolidated Financial Statements (continued)

Basis of measurement (continued)

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

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

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

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

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

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

The preparation of consolidated financial statements in conformity with HKFRSs 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 believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount of assets and liabilities 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and Non-controlling Interests

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- right arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and Non-controlling Interests (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(j).

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(i)).

(d) Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates and Joint Ventures (continued)

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

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

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interests in associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interests if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

In the Group's consolidated statement of financial position, interests in associate and joint venture are stated at cost less impairment loss (see note 2(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU(s)") or groups of CGUs that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(i)). In respect of associate or joint venture, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(i)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or joint venture is recognised immediately in profit or loss.

On disposal of a CGU of an associate or a joint venture, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, Plant and Equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gain 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 on disposal 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 life at the following rates per annum:

Building	2.5%
Cruise ship	5%
Leasehold improvements	Over lease terms
Plant and machinery	20%
Furniture, fittings and office equipment	18% – $33^1/_3$%
Motor vehicles	30% – $33^1/_3$%
Motor yacht	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. There is no depreciation imposed on the freehold land.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible Assets (other than Goodwill)

Intangible assets, other than goodwill, identified on business combinations are capitalised at their fair values. They represent mainly trademark and relationship with customers. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is charged to profit or loss on a straight-line basis from the date of acquisition over their estimated useful lives as follows:

Client list	15 years

The asset's useful lives and their amortisation method are reviewed annually.

Intangible assets with indefinite useful lives are not amortised. The intangible asset and its status are reviewed annually to determine whether events and circumstances continue to support indefinite useful life. Should the useful life of an intangible asset change from indefinite to finite, the change would be accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Derecognition of intangible assets

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

(h) Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(i) Impairment of Assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(i)(ii).

– For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of Assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

- For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

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 in respect of other receivables are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

(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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;

- intangible assets;

- investments in subsidiaries, associates and joint ventures; and

- goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*

  The recoverable amount of an asset is the greater of its net selling price 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 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 CGU).

- *Recognition of impairment losses*

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of Assets (continued)

(ii) Impairment of other assets (continued)

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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.

(j) Financial Instruments

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

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

Financial assets

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

Effective interest method

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial Instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from associates and a joint venture, pledged bank deposits as well as cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

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

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

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as a default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

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

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

Financial liabilities

Other financial liabilities

Other financial liabilities (including trade and other payables, loans payables, bank loans as well as loan from a director and controlling shareholder) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial Instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

– the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

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

(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

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution 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.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(m) Income Tax

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income Tax (continued)

Current and deferred tax for the year

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

(n) Provisions and Contingent Liabilities

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

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

(o) Revenue Recognition

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) Travel-related agency service fee income

– Revenue from the sale of air tickets is recognised when the tickets are issued.

– Revenue from the sale of tour packages is recognised when travel arrangements have been booked and confirmed with customers. Deposits from customers are reported as liabilities.

– Revenue from the sale of group tours is recognised at the point of group departure. Deposits from customers are reported as liabilities until the tour departs.

(ii) Lottery commission and services income is recognised when the sales agency services are provided, net of business tax.

(iii) Management fee income is recognised when the amounts are measurable and the ultimate collections are reasonably assumed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue Recognition (continued)

(iv) Interest income is recognised on a time-apportioned basis using the effective interest method.

(v) Services income is recognised when services are provided.

(vi) Deferred income comprises of a sign-up bonus for an on-line ticket processing system and is recognised as revenue in accordance with the terms of the agreement.

(vii) Other income consists of revenue earned based on volume sales through various on-line ticket processing systems and is recognised when it is measurable and all contractual obligations have been fulfilled.

(p) Foreign Currencies

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

Exchange difference arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

On the disposal of a foreign operation (i.e. a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign Currencies (continued)

For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of foreign currency translation reserve.

(q) Borrowing Costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(r) Related Parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Related Parties (continued)

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(s) Segment Reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

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

(t) Government Grants

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied for the first time, the following New HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2015.

The New HKFRSs adopted by the Group in the consolidated financial statements are set out as follows:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

The Group has not early applied the following New HKFRSs that have been issued but are not yet effective.

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

1 *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*
2 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*
3 *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*
4 *Effective for annual periods beginning on or after a date to be determined.*

Annual Improvements to HKFRSs 2012-2014 Cycle

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

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments shall be applied prospectively.

The amendments to HKFRS 7 "Disclosure – Offsetting Financial Assets and Financial Liabilities" provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 "Interim Financial Reporting".

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in opening retained earnings of the earliest comparative period presented.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere in the interim financial report. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company ("Director(s)") do not anticipate that the application of the said amendments to HKFRSs will have a material effect on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 1 "Disclosure Initiative"

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the Group's consolidated financial statements.

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

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

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

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

Amendments to HKAS 27 "Equity Method in Separate Financial Statements"

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

- at cost;
- in accordance with HKFRS 9 "Financial Instruments" (or HKAS 39 for entities that have not yet adopted HKFRS 9); or
- using the equity method as described in HKAS 28 "Investments in Associates and Joint Ventures".

The accounting option must be applied by category of investments.

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

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 9 "Financial Instruments"

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

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

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

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 "Business Combinations". Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 regarding impairment testing of a CGU to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

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

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

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

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

4. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**886,062**	966,796
Financial liabilities		
Amortised costs	**75,789**	65,557

(b) Financial Risk Management and Fair Values

The Group has exposure to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) from its use of financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(i) Credit risk

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

The management has established a credit policy under which credit evaluations are performed on all customers requiring credit. Trade receivables are due within 3 months from the date of billing. Trade debtors with balances that are more than 3 months are requested to settle all outstanding balance before any further credit is granted. 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. At the end of the reporting period, the Group does not have concentration of credit risk. At 31 December 2014, the Group has approximately 13.00% and 46.00% of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position after deducting any impairment allowance. Except for a financial guarantee given by the Company as set out in note 28, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the Group's consolidated statement of financial position is disclosed in note 28.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management and Fair Values (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its current and expected liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2015				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	29,483	–	–	29,483	29,483
Loans payables	–	26,306	–	26,306	26,306
Loan from a director and controlling shareholder	–	21,000	–	21,000	20,000
	29,483	47,306	–	76,789	75,789

	At 31 December 2014				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	38,317	–	–	38,317	38,317
Loans payables	–	16,896	–	16,896	16,896
Bank loans	1,176	1,176	13,209	15,561	10,344
	39,493	18,072	13,209	70,774	65,557

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management and Fair Values (continued)

(ii) Liquidity risk (continued)

As at 31 December 2015 and 2014, it was not probable that the counter parties to the financial guarantee will claim under the contracts. Consequently, the carrying amount of the financial guarantee contract of approximately HK$30.0 million (2014: approximately HK$50.0 million) has not been presented above.

	At 31 December 2015		At 31 December 2014	
	HK$'000	**Expiry period**	HK$'000	Expiry period
Guarantee given to bank in respect of banking facilities granted to an associate	**1,176,000**	**2017**	1,176,000	2017

(iii) Currency risk

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency are HK$, Renminbi ("RMB"), Canadian dollars ("CAD") and United States dollars ("USD") as substantially all the revenue are in RMB, CAD and USD. The Group's transactional foreign exchange exposure was insignificant.

(iv) Interest rate risk

The market risk exposure of the Group is the changes in interest rates. The Group has no significant interest-bearing assets and liabilities. Accordingly, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(v) Fair value

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions. The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values as at 31 December 2015 and 2014.

The Group does not have any financial instrument that is measured subsequent to initial recognition at fair value.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key Sources of Estimated Uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below:

(i) Impairment of property, plant and equipment and freehold land and buildings

The recoverable amount of an asset is the greater of its net selling price 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, which requires significant judgement relating to the level of revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade receivables and other receivables, where applicable, at the end of each reporting period. The estimates are based on the aging of the trade receivables and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(iii) Impairment of intangible assets

The Group performs annual test on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 2(i). The recoverable amounts of CGUs are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations.

(iv) Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group reassesses the useful life of the intangible assets and if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

(v) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on as straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the property, plant and equipment regularly in order to determine the amount of depreciation expenses to be recorded during the any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or services output of the assets. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical Accounting Judgements in Applying the Group's Accounting Policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

Impairment test for interests in associates

The Group completed its annual impairment test for interests in associates by comparing the recoverable amount of interests in associates to its carrying amount as at 31 December 2015. The Group has engaged Roma Appraisals Limited ("Roma"), an independent professional valuer, who has among their staff, fellow members of the Hong Kong Institute of Surveyor, to carry out a valuation of the interests in associates as at 31 December 2015 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a pre-tax discount rate of 13.53% (2014: 14.86%). The cash flows beyond the five-year period are extrapolated using a steady 5.60% (2014: 5.25%) growth rate for the casino and hotel industries in which are operated by associates.

Management has considered the above assumptions and valuation and also taken into account the business plan going forward. The valuation depends upon an estimate of future cash flows from the interests in associates and other key assumptions, which are based on the Directors' best estimates. The valuation is sensitive to these parameters. Changes in these parameters could lead to a material revision of the valuation which may have effects on the net assets and results of the Group.

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the CODM for the purposes of resource allocation and performance assessment.

The CODM consider the business from both geographic and service perspective.

The Group has presented the following two reportable segments.

– Travel business: sales of air tickets and provision of travel-related services.

– Lottery business: provision of lottery sales agency services to the lottery market in the People's Republic of China ("PRC").

The cruise ship leasing and management segment was discontinued in prior year. The segment information reported below does not include this discontinued operation, which are described in more detail in note 14 to the consolidated financial statements.

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment Results, Assets and Liabilities

The travel reportable operating segment derives their revenue primarily from sales of air tickets and provision of travel-related services. Geographically, management considers the performance of the travel business in North America.

The lottery reportable operating segment provides lottery sales agency services to the lottery market in the PRC.

In accordance with HKFRS 8, segment information disclosed in these consolidated financial statements has been prepared in a manner consistent with the information used by the Group's CODM for the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' salaries, share of results of associates and joint ventures and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

All assets are allocated to reportable segments other than tax recoverable, interests in associates and joint ventures. Unallocated corporate assets mainly include part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

All liabilities are allocated to reportable segments other than deferred tax liabilities and corporate liabilities. Unallocated corporate liabilities mainly include financial guarantee contracts, loan from a director and controlling shareholder and part of other payables borne by the central administration companies.

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment Results, Assets and Liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

Continuing operations

	Travel		Lottery		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Revenue from external customers and reportable segment revenue	**941,078**	1,103,544	**69,591**	201,125	**1,010,669**	1,304,669
Reportable segment (loss)/profit	**(6,072)**	(27,400)	**(19,143)**	24,506	**(25,215)**	(2,894)
Share of results of joint ventures					**527**	346
Share of results of associates					**29,288**	88,047
Unallocated corporate income					**22,197**	23,717
Unallocated corporate expenses					**(38,366)**	(34,258)
Finance costs					**(74)**	(1,488)
Consolidated (loss)/profit before taxation					**(11,643)**	73,470
Taxation					**–**	–
Consolidated (loss)/profit for the year					**(11,643)**	73,470

	Travel		Lottery		Total	
	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000	**At 31 December 2015 HK$'000**	At 31 December 2014 HK$'000	**At 31 December 2015 HK$'000**	At 31 December 2014 HK$'000
Reportable segment assets	**56,715**	48,082	**88,997**	138,224	**145,712**	186,306
Assets relating to cruise ship leasing and management (now discontinued)					**–**	51,240
Unallocated corporate assets						
– Interests in associates					**967,108**	937,820
– Interests in joint ventures					**4,089**	1,562
– Tax recoverable					**897**	7
– Corporate assets					**35,473**	28,802
					1,153,279	1,205,737
Reportable segment liabilities	**37,263**	30,837	**16,561**	31,889	**53,824**	62,726
Liabilities relating to cruise ship leasing and management (now discontinued)					**–**	774
Unallocated corporate liabilities						
– Deferred tax liabilities					**409**	488
– Corporate liabilities					**53,374**	52,182
					107,607	116,170

6. SEGMENT INFORMATION (CONTINUED)

(b) Other Segment Information

Continuing operations

	Travel		Lottery		Other corporate entities		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Interest income	13	9	108	13	51	65	172	87
Amortisation of intangible assets	–	(328)	–	–	–	–	–	(328)
Depreciation on property, plant and equipment	(795)	(897)	(1,907)	(1,833)	(572)	(361)	(3,274)	(3,091)
Reversal of impairment loss recognised on other receivable	–	–	–	264	–	–	–	264
Impairment loss recognised on:								
– intangible assets	(2,007)	(16,380)	–	–	–	–	(2,007)	(16,380)
– trade receivables	(240)	–	–	–	–	–	(240)	–
Reversal of impairment loss recognised on amount due from a joint venture	–	–	–	–	2,000	–	2,000	–
Finance costs	(527)	(674)	–	–	(74)	(1,488)	(601)	(2,162)
Additions to non-current assets*	350	646	419	3,042	1,568	951	2,337	4,639

* Additions to non-current assets only include the additions to property, plant and equipment during the year.

(c) An Analysis of the Group's Revenue from All Services is as Follows:

Continuing operations	2015 HK$'000	2014 HK$'000
Sales of air tickets	880,677	1,036,597
Travel and related service fee income	60,401	66,947
Lottery commission and services income	69,591	201,125
	1,010,669	1,304,669

(d) Geographical Information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided. The Group's non-current assets included property, plant and equipment, intangible assets, interests in associates and joint ventures.

The geographical location of property, plant and equipment is based on the physical location of the asset under consideration. In the case of intangible assets, it is based on the location of operations to which these intangibles are allocated. In the case of interests in associates and joint ventures, it is based on the location of operations of such associates and joint ventures.

6. SEGMENT INFORMATION (CONTINUED)

(d) Geographical Information (continued)

	Revenue from external customers (continuing operations)		Non-current assets	
	2015 HK$'000	2014 HK$'000	**At 31 December 2015 HK$'000**	At 31 December 2014 HK$'000
Hong Kong (place of domicile)	**–**	–	**6,074**	2,479
Macau	**–**	–	**967,108**	937,820
North America	**941,078**	1,103,544	**24,417**	32,015
PRC	**69,591**	201,125	**6,569**	8,492
	1,010,669	1,304,669	**1,004,168**	980,806

(e) Major Customer

There is no single external customer amount to 10% or more of the Group's revenue.

(f) Revenue from Major Services

The Group's revenue from its major services was listed in note 7 to the consolidated financial statements.

7. REVENUE

The principal activities of the Group are travel-related business and provision of lottery sales agency services to the lottery market.

Revenue represents travel-related agency service fee income as well as lottery commission and services fee income. The amount of each significant category of revenue recognised in revenue during the year is as follows:

Continuing operations	**2015 HK$'000**	2014 HK$'000
Lottery commission and services income	**69,591**	201,125
Travel-related agency service fee income		
– Sales of air tickets	**880,677**	1,036,597
– Travel and related service fee income	**60,401**	66,947
	941,078	1,103,544
	1,010,669	1,304,669

8. OTHER REVENUE AND GAINS

Continuing operations	Note	2015 HK$'000	2014 HK$'000
Other revenue			
Interest income on bank deposits		**172**	87
Total interest income on financial assets not at fair value through profit or loss		**172**	87
Commission income		**1**	2
Government grants	(i)	**–**	1,774
Management fee income from an associate		**122**	333
Write back of long-outstanding trade payables		**100**	263
Gain on disposal of property, plant and equipment		**14**	4
Gain on disposal of subsidiaries	32(a)	**9**	–
Gain on settlement of loans payables	34	**–**	1,809
Service fee income		**2,016**	2,420
Other income		**1,787**	2,998
		4,221	9,690
Other gains			
Amortisation on financial guarantee contract	28	**19,995**	19,995
Net exchange gain		**–**	64
Reversal of impairment loss recognised on other receivable	21(b)	**–**	264
Reversal of impairment loss recognised on amount due from a joint venture	20(d)	**2,000**	–
		21,995	20,323
Total		**26,216**	30,013

Note:

(i) It represented cash received from unconditional grants by the local government to encourage the business operations in the PRC. Government grants are recognised in profit or loss when received.

9. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation from continuing operations is arrived at after charging the following:

Continuing operations	2015 HK$'000	2014 HK$'000
(a) Finance Costs		
Interest on bank loans	**483**	641
Interest on bank overdraft	**44**	33
Interest on loan from a director and controlling shareholder	**74**	1,488
Total interest expenses on financial liabilities not at fair value through profit or loss	**601**	2,162
(b) Staff Costs		
Salaries, wages and other benefits (including directors' emoluments)	**53,167**	51,075
Contributions to defined contribution retirement plan	**3,499**	2,696
	56,666	53,771
(c) Other Operating Expenses		
Impairment loss recognised on		
– intangible assets	**2,007**	16,380
– trade receivables	**240**	–
	2,247	16,380
(d) Other Items		
Auditors' remuneration	**1,255**	1,355
Amortisation on intangible assets	**–**	328
Bad debts written off	**–**	2,163
Depreciation on owned property, plant and equipment	**3,274**	3,076
Depreciation on leased property, plant and equipment	**–**	15
Operating lease rentals		
– properties	**9,317**	9,791
– plant and machinery	**564**	674
Loss on disposal of property, plant and equipment	**–**	2
Net exchange loss	**916**	–

10. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the Consolidated Statement of Profit or Loss Represents:

Continuing operations	Note	2015 HK$'000	2014 HK$'000
Current tax		–	–
Deferred tax	29(b)	–	–
Tax charge		–	–

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits in Hong Kong.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2014: 25%). No provision for PRC Enterprise Income Tax has been made for both years as the Group has no assessable profits arising in the PRC.

Canadian subsidiaries are subject to Canadian Corporate Income Tax which comprises federal and provincial income taxes. The net federal income tax is calculated at 15% (2014: 15%) and the provincial income tax is calculated at the rates prevailing in the relevant provinces. No provision for Canadian Corporate Income Tax has been made for both years as the Group has no assessable profits arising in Canada.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(b) Reconciliation between Tax Expense and Accounting Profit at Applicable Tax Rates:

	2015 HK$'000	2014 HK$'000
(Loss)/profit before taxation from continuing operations	(11,643)	73,470
Notional tax on loss before taxation, calculated at the tax rates applicable to loss in the countries concerned	(7,972)	(1,533)
Tax effect of share of results of associates	4,833	14,528
Tax effect of share of results of joint ventures	87	57
Tax effect of non-deductible expenses	5,546	2,709
Tax effect of non-taxable revenue	(3,804)	(3,582)
Tax effect of unrecognised tax losses	1,616	–
Unrecognised temporary differences	(306)	(175)
Utilisation of unrecognised tax losses	–	(12,004)
Tax charge for the year	–	–

11. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the CO, Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G of the laws of Hong Kong) and the Listing Rules are as follows:

	Directors' fee		Salaries, allowance and other benefits		Retirement benefit scheme contributions		Total	
Name	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Executive Directors								
Yeung Hoi Sing, Sonny *(Chairman)*	–	–	–	–	–	–	–	–
Ma Ho Man, Hoffman *(Deputy chairman)*	–	–	607	604	18	17	625	621
Non-executive Director								
Choi Kin Pui, Russelle	120	120	–	–	–	–	120	120
Independent Non-executive Directors								
Yeung Mo Sheung, Ann	120	120	–	–	–	–	120	120
Chin Wing Lok, Ambrose	120	120	–	–	–	–	120	120
Chong Ming Yu *(appointed on 1 December 2014)*	120	10	–	–	–	–	120	10
Luk Ka Yee, Patrick *(resigned on 1 December 2014)*	–	110	–	–	–	–	–	110
	480	480	607	604	18	17	1,105	1,101

Notes:

(a) For the years ended 31 December 2015 and 2014, no directors waived any emoluments and no emoluments were paid 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.

(b) Director's material interests in transaction, arrangement or contract is stated as below:

Pursuant to an agreement dated 1 December 2008 made between the Company and Mr. Yeung Hoi Sing, Sonny, being a Director and a controlling shareholder of the Company ("Mr. Yeung"), Mr. Yeung provided a HK$200 million term loan facility to the Company with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009. The Company paid the interest of approximately HK$74,000 for the year ended 31 December 2015 (2014: approximately HK$1,488,000) in relation to this transaction. Other details of the transaction are set out in note 30 and note 37 to the consolidated financial statements.

Save for contracts amongst group companies and the aforementioned transaction, no other significant transactions, arrangements and contracts to which the Company was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five Highest Paid Individuals

The five individuals with the highest emoluments were not the Directors for both years. The aggregate of the emoluments in respect of the other five (2014: five) individuals, included no (2014: one) senior management, are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and other benefits	4,555	4,952
Retirement benefit scheme contributions	90	84
	4,645	5,036

The emoluments of the five (2014: five) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2015	2014
Nil – HK$1,000,000	4	4
HK$1,000,001 to HK$1,500,000	1	–
HK$1,500,001 to HK$2,000,000	–	1

(b) Senior Management of the Company

The emoluments of the senior management of the Company are within the following band:

	Number of individuals	
	2015	2014
Nil – HK$1,000,000	2	2

13. DIVIDENDS

No interim dividend was paid during the year under review (2014: nil). The Directors do not recommend any payment of a final dividend for the year ended 31 December 2015 (2014: nil).

14. DISCONTINUED OPERATION

On 2 July 2014, Capture Success Limited, an indirect non-wholly owned subsidiary of the Company, entered into an agreement with an independent third party to dispose of its cruise ship at a consideration of HK$93.0 million and the disposal was completed in August 2014. The operation of the cruise ship represented the entire business segment of cruise ship leasing and management of the Group and therefore the cessation of the business was treated as discontinued operation in these consolidated financial statements in accordance with HKFRS 5.

(a) The Analysis of the Results of the Discontinued Operation Included in the Consolidated Statement of Profit or Loss are as Follows:

	2014 HK$'000
Revenue	56,113
Cost of sales	(19,617)
Gross profit	36,496
Other revenue	47,141
Administrative expenses	(38,012)
Impairment loss recognised on goodwill	(1,313)
Profit before taxation	44,312
Taxation	–
Profit for the year from discontinued operation	44,312
Profit attributable to:	
– Owners of the Company	24,372
– Non-controlling interests	19,940
Profit for the year from discontinued operation	44,312

14. DISCONTINUED OPERATION (CONTINUED)

(b) Profit before Taxation from Discontinued Operation is Arrived at after Charging/(Crediting) the Following:

	2014 HK$'000
Auditors' remuneration	100
Cost of inventories	19,617
Staff costs	17,524
Depreciation on property, plant and equipment	3,314
Gain on disposal of property, plant and equipment	(45,150)
Interest income	(100)
Net exchange gain	(106)
Operating lease rentals	
– properties	271
Reimbursement on cost of fuel oil	(1,785)
Other information:	
Addition to non-current assets	958

(c) Cash Flows from Discontinued Operation:

	2014 HK$'000
Net cash outflow from operating activities	(1,239)
Net cash inflow from investing activities	90,940
Net cash outflow from financing activities	(76,000)
Net increase in cash and cash equivalents	13,701

15. (LOSS)/EARNINGS PER SHARE

(a) From Continuing and Discontinued Operations:

The calculation of the basic (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	2015 HK$'000	2014 HK$'000
(Loss)/profit:		
(Loss)/profit for year attributable to the owners of the Company	**(6,670)**	96,890
	'000	'000
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	**4,926,491**	4,926,491

Diluted (loss)/earnings per share for the years ended 31 December 2015 and 2014 was the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

15. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) From Continuing Operations:

The calculation of the basic (loss)/earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2015 HK$'000	2014 HK$'000
(Loss)/profit:		
(Loss)/profit for the year attributable to the owners of the Company	**(6,670)**	96,890
Less: profit for the year attributable to the owners of the Company from discontinued operation	**–**	(24,372)
	(6,670)	72,518

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

Diluted (loss)/earnings per share for the years ended 31 December 2015 and 2014 was the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

(c) From Discontinued Operation:

The calculation of the basic earnings per share from discontinued operation attributable to the owners of the Company is based on the following data:

	2015 HK$'000	2014 HK$'000
Profit:		
Profit for the year attributable to the owners of the Company from discontinued operation	**–**	24,372

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Diluted earnings per share for the years ended 31 December 2015 and 2014 was the same as the basic earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building HK$'000	Cruise ship HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fittings and office equipment HK$'000	Motor vehicles HK$'000	Motor yacht HK$'000	Total HK$'000
Cost								
At 1 January 2014	18,899	93,600	6,506	16,911	11,379	2,078	4,700	154,073
Additions	–	–	437	950	3,403	807	–	5,597
Disposals	–	(93,600)	(1,121)	(17,861)	(2,704)	(170)	–	(115,456)
Exchange alignment	(1,371)	–	(350)	–	(652)	(42)	–	(2,415)
At 31 December 2014 and 1 January 2015	17,528	–	5,472	–	11,426	2,673	4,700	41,799
Additions	–	–	465	–	372	1,500	–	2,337
Disposals	–	–	(1,004)	–	(32)	(240)	–	(1,276)
Derecognised on disposal of subsidiaries	–	–	–	–	(91)	–	–	(91)
Exchange alignment	(2,860)	–	(722)	–	(1,587)	(60)	–	(5,229)
At 31 December 2015	**14,668**	**–**	**4,211**	**–**	**10,088**	**3,873**	**4,700**	**37,540**
Accumulated depreciation								
At 1 January 2014	1,453	46,800	4,750	14,919	4,762	1,804	4,700	79,188
Charge for the year	419	2,730	661	566	1,753	276	–	6,405
Written back on disposals	–	(49,530)	(1,121)	(15,485)	(2,703)	(59)	–	(68,898)
Exchange alignment	(130)	–	(285)	–	(545)	(33)	–	(993)
At 31 December 2014 and 1 January 2015	1,742	–	4,005	–	3,267	1,988	4,700	15,702
Charge for the year	361	–	256	–	2,190	467	–	3,274
Written back on disposals	–	–	(976)	–	(51)	(240)	–	(1,267)
Eliminated on disposal of subsidiaries	–	–	–	–	(52)	–	–	(52)
Exchange alignment	(322)	–	(600)	–	(1,273)	(60)	–	(2,255)
At 31 December 2015	**1,781**	**–**	**2,685**	**–**	**4,081**	**2,155**	**4,700**	**15,402**
Carrying amount								
At 31 December 2015	**12,887**	**–**	**1,526**	**–**	**6,007**	**1,718**	**–**	**22,138**
At 31 December 2014	15,786	–	1,467	–	8,159	685	–	26,097

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Freehold land and building held outside Hong Kong	**12,887**	15,786

17. GOODWILL

	HK$'000
Cost	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	**8,332**
Accumulated impairment losses	
At 1 January 2014	(7,019)
Impairment loss	(1,313)
At 31 December 2014, 1 January 2015 and 31 December 2015	**(8,332)**
Carrying amount	
At 31 December 2015	**–**
At 31 December 2014	–

The recoverable amount of the CGU is determined on value in use calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates of zero. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The goodwill in the cruise ship management CGU had been fully impaired for the year ended 31 December 2014 as the Group has disposed the cruise ship in 2014 (note 14).

18. INTANGIBLE ASSETS

	Trademark HK$'000	Client list HK$'000	Total HK$'000
Cost			
At 1 January 2014	31,334	8,758	40,092
Exchange alignment	(2,262)	(632)	(2,894)
At 31 December 2014 and 1 January 2015	29,072	8,126	37,198
Exchange alignment	(4,718)	(1,319)	(6,037)
At 31 December 2015	**24,354**	**6,807**	**31,161**
Accumulated amortisation and impairment losses			
At 1 January 2014	(190)	(5,375)	(5,565)
Charge for the year	–	(328)	(328)
Impairment loss	(13,567)	(2,813)	(16,380)
Exchange alignment	12	390	402
At 31 December 2014 and 1 January 2015	(13,745)	(8,126)	(21,871)
Impairment loss	(2,007)	–	(2,007)
Exchange alignment	2,231	1,319	3,550
At 31 December 2015	**(13,521)**	**(6,807)**	**(20,328)**
Carrying amount			
At 31 December 2015	**10,833**	**–**	**10,833**
At 31 December 2014	15,327	–	15,327

Trademark

The trademark named as "Jade Tours" is a well-known travel agency brand registered in Canada. The Directors assessed that the trademark is having indefinite useful lives because the trademark was expected to contribute to net cash inflow indefinitely and can be renewed by the Group at minimal cost.

In accordance with HKAS 36, the Group completed its annual impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 31 December 2015 and 2014. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma, the recoverable amount of the trademark is lower than its carrying amount. The recoverable amount of trademark was reduced equivalent to approximately HK$10,833,000 (31 December 2014: equivalent to approximately HK$15,327,000). Therefore, an impairment loss equivalent to approximately HK$2,007,000 has been recognised for the year ended 31 December 2015 (2014: equivalent to approximately HK$13,567,000). The recognition of impairment loss is mainly contributed by the decrease in revenue as previously expected due to a more competitive environment of the travel industry. Any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a pre-tax discount rate of 17.86% (2014: 15.62%). The cash flows beyond the five-year period are extrapolated using a steady 1.48% (2014: 1.64%) growth rate. This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. The values assigned to the above assumptions reflect past experience and are consistent with management plans for focusing operations in these markets. Management believes that the assumption is reasonably achievable.

18. INTANGIBLE ASSETS (CONTINUED)

Client List

The Directors assessed that the client list is having 15 years of useful lives from the date of acquisition. The Group has completed its annual impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 31 December 2015. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, the recoverable amount of the client list remained zero (31 December 2014: zero). The carrying amount of the client list was fully impaired in the year ended 31 December 2014. The recognition of impairment loss is mainly contributed by the increase in contributory charge of fixed assets.

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a pre-tax discount rate of 30.04% (2014: 22.08%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 1.48% (2014: 1.64%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. The values assigned to the above assumptions reflect past experience and are consistent with management plans for focusing operations in these markets. Management believes that the assumption is reasonably achievable.

19. INTERESTS IN ASSOCIATES

	Note	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Deemed capital contribution	(b)	**99,978**	99,978
Goodwill	(c)	**19,409**	19,409
Share of results of associates		**89,302**	60,014
		208,689	179,401
Amounts due from associates *(note 37(b))*	(d)	**758,419**	758,419
Amount shown under non-current assets		**967,108**	937,820

19. INTERESTS IN ASSOCIATES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interests in associates recognised in the consolidated financial statements:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Net liabilities of the associates	(312,455)	(368,720)
Add: Non-controlling interests	3,504	–
Net liabilities attributable to owners of associate	(308,951)	(368,720)
Proportion of the Group's ownership interest	49%	49%
Share of net liabilities of the associates	(151,385)	(180,673)
Goodwill	19,409	19,409
Effect of fair value adjustments at acquisition	240,687	240,687
Deemed capital contribution	99,978	99,978
Amounts due from associates *(note 37(b))*	758,419	758,419
	967,108	937,820

(a) The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of associate	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest: Group's effective interest %	Held by the Company %	Held by a subsidiary %	Principal activity
Pier 16 – Property Development Limited ("Pier 16 – Property Development") *(note)*	Macau	100,000 shares of MOP100 each	49	–	49	Property holding

Note: As at 31 December 2015 and 2014, Pier 16 – Property Development held the equity interests of the following companies with the details as below:

Name of associate	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of effective interest held by Pier 16 – Property Development %	Principal activity
Pier 16 – Entertainment Group Corporation Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	100	Provision of management services for casino operations
Pier 16 – Gaming Promotion, Limited	Macau	1 share of MOP50,000	100	Provision of gaming promotion services
Pier 16 – Management Limited	Macau/Hong Kong and Macau	2 shares of MOP24,000 and MOP1,000 respectively	100	Hotel management
Pier 16 – 3D Limited*	Macau	2 shares of MOP25,500 and MOP24,500 respectively	51	Operation and management of 3D museum

* Pier 16 – 3D Limited was incorporated in March 2015.

19. INTERESTS IN ASSOCIATES (CONTINUED)

(b) The deemed capital contribution is referenced to the financial guarantee contract (note 28) granted by the Group to the associates.

(c) **Goodwill**

Because goodwill is included in the carrying amount of the interests in associates and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing in HKAS 36. Instead, the entire carrying amount of the interests in associates is tested for impairment as set out in note 19(d) below.

(d) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. Their carrying amounts are not materially different from their fair value.

The Group completed its annual impairment test for interests in associates by comparing the recoverable amount of interests in associates to its carrying amount as at 31 December 2015 and 2014. The Group has engaged Roma to carry out a valuation of the interests in associates as at 31 December 2015 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a pre-tax discount rate of 13.53% (2014: 14.86%). The cash flows beyond the five-year period are extrapolated using a steady 5.60% (2014: 5.25%) growth rate for the casino and hotel industries in which are operated by associates. The values assigned to the above assumptions reflect past experience and are consistent with management plans for focusing operations in these markets. Management believes that the assumption is reasonably achievable.

(e) The following is summary of aggregate amounts of assets, liabilities, revenue, and results of the Group's associates:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Non-current assets	**1,575,647**	1,857,287
Current assets	**601,764**	495,777
Current liabilities	**(330,207)**	(422,085)
Non-current liabilities	**(2,159,659)**	(2,299,699)
Net liabilities	**(312,455)**	(368,720)

	2015 HK$'000	2014 HK$'000
Revenue	**802,714**	1,119,254
Other revenue and gains	**21,451**	25,925
Profit for the year	**56,242**	179,687

20. INTERESTS IN JOINT VENTURES

	Note	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Share of net assets		**1,919**	1,392
Amount due from a joint venture *(note 37(b))*	(c)	**10,870**	10,870
		12,789	12,262
Less: Impairment loss	(d)	**(8,700)**	(10,700)
		4,089	1,562

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

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Net assets of the joint venture	**9,645**	8,325
Less: Non-controlling interests	**(5,806)**	(5,541)
Net assets attributable to owners of joint venture	**3,839**	2,784
Proportion of the Group's ownership interest	**50%**	50%
Share of net assets of the joint venture	**1,919**	1,392
Amount due from a joint venture *(note 37(b))*	**10,870**	10,870
Less: Impairment loss	**(8,700)**	(10,700)
	4,089	1,562

(a) Details of the Group's Interests in the Joint Ventures are as Follows:

Name of joint venture	Form of business structure	Place of incorporation	Particulars of issued and paid up share capital	Group's effective interest	Principal activity
Surplus Win Enterprises Limited *(note)*	Incorporated	British Virgin Islands ("BVI")	2 shares of US$1 each	50%	Investment holding

Note: As at 31 December 2015 and 2014, Surplus Win Enterprises Limited held 80% effective interests in Double Diamond International Limited ("Double Diamond", a company incorporated in the BVI with limited liability). The principal activity of Double Diamond is pier operation in Macau.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) Aggregate Financial Information of Joint Ventures that are not Individually Material:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Non-current assets	**29,293**	29,293
Current assets	**2,325**	972
Current liabilities	**(21,973)**	(21,940)
Net assets	**9,645**	8,325

	2015 HK$'000	2014 HK$'000
Revenue	**1,632**	1,366
Expenses	**(312)**	(500)
Profit before taxation	**1,320**	866
Taxation	**–**	–
Profit for the year	**1,320**	866

The above amounts of assets and liabilities included the following:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Cash and cash equivalents	**2,235**	972
Amounts due to shareholders	**(21,740)**	(21,740)

(c) The amount due from a joint venture is unsecured, interest-free and has no fixed terms of repayment.

(d) The Group has advanced HK$12 million to the joint venture to finance the acquisition of certain assets. In the opinion of the Directors, the Group will not demand for repayment within twelve months from the end of the reporting period and is therefore classified as non-current assets.

In the current year, the Directors based on the past experience (including past collection history), subsequent repayment and future expectations to estimate the amount of reversal of impairment loss. The Directors considered that the amount was measured reliably and the inflow of future economic benefit is probable. Therefore, a reversal of impairment loss amounting to HK$2.0 million (2014: nil) was recongised for the year ended 31 December 2015 (note 8). As at 31 December 2015, the accumulated impairment loss of interests in joint venture was approximately HK$8.7 million (2014: approximately HK$10.7 million) and is considered to be adequate as there are no indication for further impairment. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.

21. TRADE AND OTHER RECEIVABLES

	Note	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Trade receivables		**6,493**	86,131
Less: Impairment loss recognised on trade receivables	a(ii)	**(240)**	–
	a(i)	**6,253**	86,131
Other receivables		**20,791**	32,917
Less: Impairment loss recognised on other receivables	(b)	**–**	–
		20,791	32,917
Trade and other receivables		**27,044**	119,048
Prepayments and deposits		**29,788**	23,906
		56,832	142,954

All of the trade and other receivables are expected to be recovered within one year.

(a) Trade Receivables

(i) Aging analysis

Included in trade and other receivables, the aging analysis for trade receivables, based on the due date and net of impairment loss, is as follows:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Current	**4,728**	30,334
31 to 60 days overdue	**674**	12,827
61 to 90 days overdue	**536**	9,872
Over 90 days overdue	**315**	33,098
	6,253	86,131

The Group normally allows an average credit period of 30 to 90 days to customers of lottery business (2014: average credit period of 30 to 90 days) and 30 days to customers of travel business (2014: average credit period of 30 days). Further details on the Group's credit policy are set out in note 4(b)(i).

(ii) 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(i)). At the end of the reporting period, an impairment loss of approximately HK$240,000 (2014: approximately HK$2,163,000) was recognised on trade receivables.

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade Receivables (continued)

(ii) Impairment of trade receivables (continued)

Movement in the impairment loss of trade receivables is as follows:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Balance at the beginning of the year	–	–
Impairment loss recognised on trade receivables	240	2,163
Amount written off as uncollectible	–	(2,163)
Balance at the end of the year	240	–

(iii) Trade receivables that are not impaired

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

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Neither past due nor impaired	4,728	30,334
Past due but not impaired		
– Less than 1 month past due	674	12,827
– 1 to 3 months past due	851	42,970
	1,525	55,797
	6,253	86,131

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good 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.

(b) Other Receivables

Movement in the impairment loss recognised on other receivables:

	Note	HK$'000
At 1 January 2014		268
Reversal of impairment loss*	8	(264)
Exchange alignment		(4)
At 31 December 2014, 1 January 2015 and 31 December 2015		**–**

* This represents impairment on debts due by a debtor which has been long-outstanding. The Directors considered that the amounts due could not be recovered. Therefore, full impairment has been made in the previous years. In 2014, the debtor has made repayment in respect of the long-outstanding amount, therefore, the reversal of impairment loss was recognised for the year.

22. PLEDGED BANK DEPOSITS

The amounts are pledged to secure certain banking facilities granted to the Group (note 39). The pledged bank deposits carry fixed interest rate of approximately 0.05% to 1.50% per annum (2014: approximately 0.05% to 0.40% per annum).

23. CASH AND CASH EQUIVALENTS

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Cash and bank balances	**36,834**	65,574
Non-pledged bank deposits	**44,950**	6,000
Cash and cash equivalents in the consolidated statements of financial position and cash flows	**81,784**	71,574

Deposits with banks carry interest at market rates which is approximately 0.25% to 1.10% per annum for current year (2014: approximately 0.60% per annum).

Included in cash and cash equivalents as at 31 December 2015 is an amount denominated in RMB of approximately RMB48,228,000 (equivalent to approximately HK$58,178,000) (2014: approximately RMB2,050,000, equivalent to approximately HK$2,589,000). Remittance of RMB out of the PRC is subject to exchange restrictions imposed by the PRC government.

24. TRADE AND OTHER PAYABLES

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Trade payables	**11,883**	10,993
Accrued charges and other payables	**17,600**	27,324
Financial liabilities measured at amortised cost	**29,483**	38,317

Aging Analysis

Included in trade and other payables, the aging analysis of trade payables, based on the due date, is as follows:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Current	**7,524**	9,776
31 to 60 days	**818**	550
61 to 90 days	**1,481**	228
Over 90 days	**2,060**	439
	11,883	10,993

25. DEFERRED INCOME

Deferred income comprises of a sign-up bonus for an on-line ticket processing system and is recognised as revenue in accordance with the terms of the agreement. During the year, the agreement had been renewed for a period of five years.

26. BANK LOANS

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Bank loans, secured	**–**	10,344
Carrying amount repayable:		
Within one year	**–**	598
More than one year, but no exceeding two years	**–**	632
More than two years, but not more than five years	**–**	1,500
More than five years	**–**	7,614
	–	10,344
Less: Amounts shown under current liabilities	**–**	(598)
Amounts shown under non-current liabilities	**–**	9,746

For the year ended 31 December 2014, the Group's self-occupied properties with carrying amount equivalent to approximately HK$15.8 million together with a time deposit equivalent to approximately HK$1.0 million were pledged to bank to secure the bank loans which carried fixed interest rate.

During the year, the Group had fully repaid the outstanding loans and the relevant pledge of assets was subsequently released in February 2016.

27. LOANS PAYABLES

	Note	**At 31 December 2015 HK$'000**	At 31 December 2014 HK$'000
Loans from non-controlling shareholders			
– SABC Holdings Ltd. ("SABC")	(i)	**–**	9,590
– 1034635 B.C. Ltd. ("1034635 BC")	(ii)	**19,000**	–
– Up Fly Limited ("Up Fly")	(iii)	**7,306**	7,306
Amounts shown under non-current liabilities		**26,306**	16,896

27. LOANS PAYABLES (CONTINUED)

Notes:

(i) SABC was a non-controlling shareholder of an indirect non-wholly owned subsidiary of the Company, namely 665127 British Columbia Ltd. ("665127 BC"). The loan was unsecured and interest-free. During the year, SABC entered into an agreement with 1034635 BC to dispose of its entire equity interests in 665127 BC and to assign the entire outstanding amount of shareholder's loan owing to SABC by 665127 BC to 1034635 BC.

(ii) 1034635 BC is a new non-controlling shareholder of 665127 BC. The loan is unsecured, interest-free and not demand for repayment within twelve months from the end of the reporting period.

(iii) Up Fly is a non-controlling shareholder of an indirect non-wholly owned subsidiary of the Company, namely Honour Rich China Development Limited ("Honour Rich"). The loan is unsecured, interest-free and not demand for repayment within twelve months from the end of the reporting period.

The carrying amounts of the loans payables are approximately to their fair value.

28. FINANCIAL GUARANTEE CONTRACT

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Carrying amount		
At the beginning of the year	**49,990**	69,985
Amortisation for the year	**(19,995)**	(19,995)
At the end of the year	**29,995**	49,990
Current liabilities	**19,995**	19,995
Non-current liabilities	**10,000**	29,995
	29,995	49,990

In 2012, the Company gave a corporate guarantee (the "Guarantee") to a bank in respect of the syndicated loan facilities of HK$1,900 million and RMB400 million granted to Pier 16 – Property Development (the "Syndicated Loan Facilities"). The maximum guarantee amount borne by the Company under the Guarantee was HK$1,176 million.

The outstanding loan under the Syndicated Loan Facilities as at 31 December 2015 was approximately HK$358.1 million (2014: approximately HK$564.8 million). The contingent liabilities were disclosed in note 36.

Based on the valuation performed by Roma, the Directors considered that the fair value of the financial guarantee contract was approximately HK$100.0 million at the date of issuance of the financial guarantee contract with corresponding increase in its interests in associates as deemed capital contribution.

The carrying amount of the financial guarantee contract recognised in the Group's consolidated statement of financial position was in accordance with HKAS 39 and is carries at amortised cost.

No provision for financial guarantee contracts have been made at 31 December 2015 and 2014 as the Directors considered the default risk is low.

29. TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current Taxation in the Consolidated Statement of Financial Position

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Refundable for overseas profit tax for the year	**(897)**	(7)
Tax recoverable	**(897)**	(7)

(b) Recognised Deferred Tax Liabilities

The movements of deferred tax liabilities during the year are as follows:

	Note	Accelerated depreciation HK$'000
At 1 January 2014		526
Debited to the consolidated statement of profit or loss	10(a)	–
Exchange alignment		(38)
At 31 December 2014 and 1 January 2015		488
Debited to the consolidated statement of profit or loss	10(a)	–
Exchange alignment		(79)
At 31 December 2015		**409**

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Net deferred tax liabilities recognised on the consolidated statement of financial position	**409**	488

(c) Unrecognised Deferred Tax Assets

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 31 December 2015, the Group had tax losses of approximately HK$157.0 million (2014: approximately HK$174.7 million) that are available to carry forward indefinitely for offsetting against future taxable profits. Estimated tax losses of approximately HK$33.3 million and HK$23.2 million (2014: approximately HK$35.5 million and HK$25.7 million) will expire within 1 to 5 years and over 5 years respectively.

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future tax profit streams.

30. LOAN FROM A DIRECTOR AND CONTROLLING SHAREHOLDER

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Loan from Mr. Yeung	**20,000**	–

On 1 December 2008, Mr. Yeung provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 (the "Yeung Loan Facility") and the final repayment date of the loan and all other sums owing to Mr. Yeung under the Yeung Loan Facility was further extended from 31 October 2016 to 31 October 2018 by a supplemental letter of agreement dated 15 March 2016. Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to him under the Yeung Loan Facility.

In the opinion of the Directors, the borrowing of the said loan from Mr. Yeung was for the benefit of the Company and on normal commercial terms where no security over the assets of the Company was granted.

31. SHARE CAPITAL

	Number of shares '000	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	**160,000,000**	**1,600,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	**4,926,491**	**49,265**

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank pari passu in all respects among themselves.

32. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Capture Success Limited and its Subsidiary

In April 2015, the Group has disposed of its 55% interest, being its entire interest, in Capture Success Limited and Hover Management Limited. Details of the assets disposed of, and the calculation of the gain on disposal, are disclosed below:

		At 31 December 2015 HK$'000
(i)	*Consideration received*	
	Consideration received by the Company	732
	Consideration paid to non-controlling interests	593
	Total consideration received in cash and cash equivalents	**1,325**
(ii)	*Analysis of assets and liability over which control was lost*	
	Non-current asset	
	Property, plant and equipment	39
	Current assets	
	Deposit	2
	Cash and cash equivalents	1,804
		1,806
	Current liability	
	Other payables	(524)
	Net assets disposed	**1,321**

32. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Disposal of Capture Success Limited and its Subsidiary (continued)

	2015 HK$'000
(iii) Gain on disposal of subsidiaries	
Consideration received by the Company	732
Net assets disposed of subsidiaries attributable to the Company	(727)
Derecognition of non-controlling interests	4
Gain on disposal of subsidiaries *(note 8)*	**9**
(iv) Net cash outflow from disposal of subsidiaries	
Total consideration received	1,325
Less: Cash and cash equivalents balances disposal of	(1,804)
Net cash outflow from disposal of subsidiaries	**(479)**

(b) Disposal of Partial Interest in 665127 BC

In June 2015, 1338 Successful Venture Ltd., an indirect wholly-owned subsidiary of the Company and immediate holding company of 665127 BC ("1338 SV"), disposed of (i) approximately 10% of all issued common shares without par value of 665127 BC; and (ii) approximately 10% of the entire amount of the shareholders' loans owing by 665127 BC in the amount of approximately CAD861,000 (equivalent to approximately HK$5,487,000) (the "Sale Loan") at a total consideration of approximately CAD333,000 (equivalent to approximately HK$2,120,000) (the "Disposal of Partial Interest"). Upon completion of the Disposal of Partial Interest and based on the consideration of approximately CAD333,000 (equivalent to approximately HK$2,120,000), the Group debited non-controlling interests of approximately CAD489,000 (equivalent to approximately HK$3,117,000). The difference between the said consideration, the Sale Loan and the non-controlling interests recognised a debit balance of approximately CAD39,000 (equivalent to approximately HK$250,000), and the difference between the said debit balance and the exchange translation reserve attributable to non-controlling interests of approximately CAD60,000 (equivalent to approximately HK$384,000) in the amount of approximately CAD21,000 (equivalent to approximately HK$134,000) was charged to equity directly.

33. EMPLOYEE RETIREMENT BENEFITS

(a) Defined Contribution Retirement Plan

The Group participates in 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 independent trustees. 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 increased from HK$25,000 to HK$30,000 effective from 1 June 2014 (before 1 June 2014: HK$25,000). Contributions to the plan vest immediately.

Pursuant to the regulations of the relevant authorities in the PRC, the Group participates in the relevant social retirement benefit schemes (the "PRC Schemes") whereby the Group is required to contribute to the PRC Schemes to fund the retirement benefits of the eligible employees. Contributions made to the PRC Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the PRC Schemes is to pay the ongoing required contributions under the PRC Schemes.

The retirement benefit schemes contribution represents gross contributions by the Group to the PRC Schemes operated by the relevant authorities of the PRC.

(b) Share Option Scheme

In 2014, the share option scheme which was adopted by the Company on 20 August 2004 ("2004 Share Option Scheme") was terminated and a new share option scheme ("2014 Share Option Scheme") was adopted by the Company. Summaries of the 2004 Share Option Scheme and the 2014 Share Option Scheme are set out below:

(i) 2004 Share Option Scheme

The Company adopted the 2004 Share Option Scheme on 20 August 2004 for the purpose of providing incentives or rewards to participants for their contribution to the Group or any entity in which the Group holds any equity interest. The 2004 Share Option Scheme was terminated with effect from 10 June 2014.

Under the 2004 Share Option Scheme, the Directors are authorised at their absolute discretion to invite participants to take up options to subscribe for Shares. Participants under the 2004 Share Option Scheme include (i) any employee (whether full time or part time and including executive director) of any member(s) of the Group or any entity in which the Group holds any equity interest; (ii) any non-executive director (including independent non-executive director) of any member of the Group or any entity in which the Group holds any equity interest; (iii) any consultant, adviser or agent engaged by any member of the Group or any entity in which the Group holds any equity interest, who is eligible to participate in a share option scheme of the Company; and (iv) any vendor, supplier of goods or services or customer of or to any member of the Group or any entity in which the Group holds any equity interest, who is eligible to participate in a share option scheme of the Company.

There is no provision in the 2004 Share Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the board of Directors (the "Board") may at its absolute discretion from time to time provide such requirements in the offer of grant of options.

33. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

(b) Share Option Scheme (continued)

(i) 2004 Share Option Scheme (continued)

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2004 Share Option Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the 2004 Share Option Scheme. The Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the 2004 Share Option Scheme save that the total number of Shares which may be issued upon exercise of all options to be granted under the 2004 Share Option Scheme and any other share option scheme(s) of the Company under the limit as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of approval of the limit. Options previously granted under the 2004 Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with any other share option scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

Notwithstanding aforesaid in above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2004 Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the 2004 Share Option Scheme or any other share option scheme(s) adopted by the Company (whether exercised, cancelled or outstanding) to each participant in any 12-month period up to the date of offer shall not exceed 1% of the total number of Shares in issue on the date of offer, unless such grant is approved by the shareholders of the Company in general meeting at which such participant and his or her associates shall abstain from voting.

The exercise price in respect of any option granted under the 2004 Share Option Scheme shall be determined by the Board in its absolute discretion but in any event the exercise price shall not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer of the option, which must be a business day; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date on which the option is offered; and (iii) the nominal value of a Share.

The offer of a grant of share option must be accepted not later than 28 days after the date of offer, upon payment of a consideration of HK$1 by the grantee. The exercise period of the share option granted is determined by the Board, save that such period shall not exceed a period of 10 years commencing on the date upon which the share option is granted.

No share options had been granted under the 2004 Share Option Scheme since its adoption and up to the date of its termination.

(ii) 2014 Share Option Scheme

The 2014 Share Option Scheme was adopted by the Company on 5 June 2014 and became effective on 10 June 2014. Unless early termination by the Company in general meeting or by the Board, the 2014 Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The purpose of the 2014 Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution to the Group or any entity in which any member of the Group holds any equity interest and any subsidiary of such entity ("Invested Entity").

33. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

(b) Share Option Scheme (continued)

(ii) 2014 Share Option Scheme (continued)

Under the 2014 Share Option Scheme, the Directors are authorised at their absolute discretion to invite eligible persons to take up options to subscribe for Shares. Eligible persons under the 2014 Share Option Scheme include (i) any employee (whether full time or part time and including executive director) of any member(s) of the Group or any Invested Entity; (ii) any non-executive director (including independent non-executive director) of any member of the Group or any Invested Entity; (iii) any consultant, adviser or agent engaged by any member of the Group or any Invested Entity, who is eligible to participate in a share option scheme of the Company; and (iv) any vendor, supplier of goods or services or customer of or to any member of the Group or any Invested Entity, who is eligible to participate in a share option scheme of the Company.

There is no provision in the 2014 Share Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the Board may at its absolute discretion from time to time provide such requirements in the offer of grant of options.

The maximum number of Shares available for issue under options which may be granted under the 2014 Share Option Scheme and any other share option scheme(s) of the Company is 492,649,119 Shares (being not more than 10% of the total number of Shares in issue as at the date of adoption of the 2014 Share Option Scheme (the "Scheme Limit")), representing approximately 10% of the total number of Shares in issue as at the date of this annual report.

The Company may seek approval of its shareholders in general meeting for refreshing the Scheme Limit save that the total number of Shares which may be issued upon exercise of all options to be granted under the 2014 Share Option Scheme and any other share option scheme(s) of the Company under the Scheme Limit so refreshed shall not exceed 10% of the total number of Shares in issue as at the date of such approval (the "New Scheme Limit"). Options previously granted under the 2014 Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the respective provisions of the scheme(s) of the Company or exercised options) will not be counted for the purpose of calculating the New Scheme Limit.

Notwithstanding aforesaid in above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2014 Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the 2014 Share Option Scheme or any other share option scheme(s) adopted by the Company (whether exercised, cancelled or outstanding) to each eligible person in any 12-month period up to and including the date of offer shall not exceed 1% of the total number of Shares in issue on the date of offer, unless such grant is approved by the shareholders of the Company in general meeting at which such eligible person and his or her associates shall abstain from voting.

The exercise price in respect of any option granted under the 2014 Share Option Scheme shall be a price determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of offer of the option, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date on which the option is offered; and (iii) the nominal value of a Share.

The offer of a grant of share option must be accepted not later than 28 days after the date of offer, upon payment of a consideration of HK$1 by the grantee. The exercise period of the share option granted is determined by the Board, save that such period shall not exceed a period of 10 years commencing on the date upon which the share option is granted.

No share options had been granted under the 2014 Share Option Scheme since its adoption and up to 31 December 2015 (2014: nil).

34. ACQUISITIONS OF THE INTERESTS IN SUBSIDIARIES

In March 2014, 665127 BC entered into a share repurchase agreement with one of its non-controlling shareholders to repurchase her entire equity interest in 665127 BC, namely 600 common shares without par value, at a cash consideration of CAD6 (equivalent to approximately HK$42) from that non-controlling shareholder (the "Share Repurchase"). The Group recognised a decrease in equity attributable to the owners of the Company of approximately CAD62,000 (equivalent to approximately HK$440,000) and a corresponding increase in non-controlling interests at approximately CAD62,000 (equivalent to approximately HK$440,000).

Besides, the said non-controlling shareholder assigned to 1338 SV, an approximately 85% interest in all of her right, title and interest in and to a debt of an amount of approximately CAD300,000 (equivalent to approximately HK$2.2 million) owed by a wholly-owned subsidiary of 665127 BC as of the date of the Share Repurchase at a consideration of CAD1 (equivalent to approximately HK$7). The Group recognised a gain on settlement of loans payables of approximately CAD255,000 (equivalent to approximately HK$1.8 million) (note 8).

Immediately after the Share Repurchase, the Company increased its effective beneficial interests in 665127 BC from 80% to approximately 85%.

The Share Repurchase constituted a connected transaction under Chapter 14A of the Listing Rules which was in force in March 2014, but was fully exempt from shareholders' approval and all disclosure requirements under the said Chapter 14A of the Listing Rules.

35. COMMITMENTS

(a) There is no capital commitments outstanding at 31 December 2015 not provide for in the consolidated financial statements (2014: nil).

(b) At 31 December 2015, the Total Future Minimum Lease Payments under Non-cancellable Operating Leases are Payable as Follows:

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Within one year	**5,892**	6,255
In the second to fifth years, inclusive	**1,478**	6,246
	7,370	12,501

The Group lease certain office premises and office equipment under operating leases. The leases typically run for period ranging from two to five years. None of leases includes contingent rentals.

36. CONTINGENT LIABILITIES

In 2012, the Company gave the Guarantee to a bank in respect of the Syndicated Loan Facilities. The maximum guarantee amount borne by the Company under the Guarantee was HK$1,176 million (note 28). The outstanding loan under the Syndicated Loan Facilities at the end of the reporting period was approximately HK$358.1 million (2014: approximately HK$564.8 million).

37. RELATED PARTY TRANSACTIONS

(a) The Group had the Following Transactions with the Related Parties during the Year:

	Note	**2015 HK$'000**	2014 HK$'000
Management fee income received and receivable from an associate	(i)	**122**	333
Interest expenses paid to a director and controlling shareholder	30	**74**	1,488

Note:

(i) The management fee was charged on actual cost incurred by the Group for provision of management and technical services.

(b) The Outstanding Balances with Related Parties at the End of the Reporting Period are as Follows:

	Note	**At 31 December 2015 HK$'000**	At 31 December 2014 HK$'000
Amounts due from associates	19	**758,419**	758,419
Amount due from a joint venture	20	**10,870**	10,870
Other receivable from a related party	(i)	**5,867**	5,867
Loan from a director and controlling shareholder	30	**20,000**	–

Note:

(i) The amount of receivable is from the ultimate beneficial owner of Up Fly (the "JV Partner") for his on-lending to a joint venture company of which the Company and the JV Partner held 80% and 20% interests respectively (the "JV Company"). The amount is secured by 20% equity interest of the JV Company, interest-free and has no fixed repayment terms.

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key Management Personnel Compensation

Compensation for key management personnel, including amounts paid to the Directors as disclosed in note 11, senior management of the Company and certain of the highest paid employees as disclosed in note 12 is as follows:

	Note	2015 HK$'000	2014 HK$'000
Salaries and other short-term employee benefits		**5,162**	5,556
Retirement scheme contributions		**108**	84
Total emoluments are included in "staff costs"	9(b)	**5,270**	5,640

(d) On 1 December 2008, the Company has entered into a term loan facility agreement of up to HK$200 million with Mr. Yeung, the loan is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 31 October 2016 to 31 October 2018 by a supplemental letter of agreement dated 15 March 2016. The said loan from Mr. Yeung constitutes a connected transaction under Chapter 14A of the Listing Rules, but is exempt from shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules. For further details please refer to note 30 to the consolidated financial statements.

(e) A management and services contract entered into between Jade Travel Ltd. (being incorporated in Canada and an indirect subsidiary of the Company, ("Jade Travel (Canada)") and a company owned by a former director of the subsidiary in an amount of equivalent to approximately HK$869,000 (2014: equivalent to approximately HK$1,730,000) also constitutes a connected transaction under Chapter 14A of the Listing Rules, but is fully exempt from shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules.

(f) A management and services contract entered into between Jade Travel (Canada) and a company owned by a director of Jade Travel (Canada) in an amount of equivalent to approximately HK$488,000 (2014: nil) also constitutes a connected transaction under Chapter 14A of the Listing Rules, but is fully exempt from shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules.

38. CAPITAL RISK 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 and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of debt-to-capital ratio. For this purpose the Group defines debt as total borrowings which are bearing a fixed interest rates such as bank loans (note 26) and loan from a director and controlling shareholder (note 30). Capital represents total equity attributable to owners of the Company in the consolidated statement of financial position.

The Group's strategy was to maintain the debt-to-capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. As at 31 December 2015, the debt-to-capital ratio is approximately 2% (2014: approximately 1%).

39. PLEDGE OF ASSETS

As at 31 December 2015, the Group has pledged the following assets:

(a) The Group pledged the time deposits of approximately HK$9.6 million (2014: approximately HK$9.4 million) to certain banks for the issuance of certain banking facilities of approximately HK$9.5 million (2014: approximately HK$10.6 million) for the operations of the Group (note 22);

(b) World Fortune Limited pledged all (2014: all) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the Syndicated Loan Facilities; and

(c) The Group's self-occupied properties with carrying amount equivalent to approximately HK$12.9 million (2014: equivalent to approximately HK$15.8 million together with a time deposit equivalent to approximately HK$1.0 million) was pledged to bank to secure bank loans to Jade Travel (Canada). The said pledge was subsequently released in February 2016 (note 26).

40. EVENTS AFTER THE REPORTING PERIOD

With regard to the unsecured term loan facility up to HK$290 million granted by Mr. Yeung to the Company, a supplemental letter of agreement was entered into between the Company and Mr. Yeung on 15 March 2016 to further extend the final repayment date of the loan under the said loan facility from 31 October 2016 to 31 October 2018.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of Financial Position of the Company

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSET			
Investments in subsidiaries		**1,377,537**	1,300,027
CURRENT ASSETS			
Deposits, prepayments and other receivables		**2,445**	508
Pledged bank deposits		**7,236**	8,832
Cash and cash equivalents		**15,395**	3,954
		25,076	13,294
CURRENT LIABILITIES			
Other payables and accruals		**119,873**	90,946
Financial guarantee contract		**19,995**	19,995
		139,868	110,941
NET CURRENT LIABILITIES		**(114,792)**	(97,647)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,262,745**	1,202,380
NON-CURRENT LIABILITIES			
Financial guarantee contract		**10,000**	29,995
Loan from a director and controlling shareholder		**20,000**	–
		30,000	29,995
NET ASSETS		**1,232,745**	1,172,385
CAPITAL AND RESERVES			
Share capital		**49,265**	49,265
Reserves	(b)	**1,183,480**	1,123,120
TOTAL EQUITY		**1,232,745**	1,172,385

Approved and authorised for issue by the board of Directors on 30 March 2016.

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Ma Ho Man, Hoffman
Director

41. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserves Movement of the Company

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	1,418,963	(261,184)	1,157,779
Total comprehensive loss for the year	–	(34,659)	(34,659)
At 31 December 2014 and 1 January 2015	1,418,963	(295,843)	1,123,120
Total comprehensive income for the year	–	60,360	60,360
At 31 December 2015	**1,418,963**	**(235,483)**	**1,183,480**

42. PRINCIPAL SUBSIDIARIES

(a) 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.

All of these are controlled subsidiaries as defined under note 2(c) and have been consolidated into the financial statements of the Group.

Name of subsidiary	Place of incorporation/ operations	Particulars of issued shares and paid up share capital	Proportion of ownership interest: Group's effective interest %	Held by the Company %	Held by subsidiaries %	Principal activities
Macau Success (Hong Kong) Limited	Hong Kong	10,000,000 shares/ HK$1,076,000	100	100	–	Investment holding
Macau Success Management Services Limited	Hong Kong	100 shares/HK$100	100	–	100	Provision of administration services
World Fortune Limited	Hong Kong	1,000 shares/HK$1,000	100	–	100	Investment holding
665127 BC	Canada	9,400 common shares without par value	75	–	75	Investment holding
Jade Travel (Canada)	Canada	15,000 class "A" non-voting special shares of CAD1,500,000 and 7 common shares without par value	75	–	75	Wholesale and retail business of selling airline tickets and tour packages
Jade Travel Ltd.	United States of America	100 common shares without par value	75	–	75	Wholesale and retail business of selling airline tickets and tour packages
Honour Rich	BVI	10 shares/USD10	80	–	80	Investment holding
上海德彩置佳科技服務有限公司 ("德彩置佳") *(note (i))*	PRC	HK$25,000,000 paid up capital	80	–	80	Provision of technical support
致勝盈彩網絡科技有限公司 ("致勝盈彩") *(note (ii))*	PRC	RMB50,000,000 paid up capital	80	–	80	Provision of technology services platform and sales agency services of lottery

42. PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) (continued)

Notes:

(i) 德彩置佳 is a wholly foreign owned enterprise established in the PRC, the Group had 80% of controlling interest for this company.

(ii) 致勝盈彩 is formerly known as 上海德彩譽富網絡科技有限公司. 致勝盈彩 is a limited liability company established in the PRC, the Group had 80% of controlling interest for this company.

(b) Details of Non-wholly Owned Subsidiaries that have Material Non-controlling Interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ operations	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015 %	2014 %	**2015 HK$'000**	2014 HK'000	**2015 HK'000**	2014 HK'000
665127 BC	Canada	**25**	Approx. 15	**(1,145)**	(4,170)	**(6,639)**	(1,492)
Honour Rich	BVI/PRC	**20**	20	**(3,828)**	5,104	**(13,877)**	(9,278)

Summarised financial information in respect of Group's subsidiaries that has material non-controlling interests is set out below. The summaries financial information below represents amounts before intra-group eliminations.

665127 BC and its subsidiaries

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Current assets	**31,712**	15,478
Non-current assets	**24,417**	32,015
Current liabilities	**(17,185)**	(11,492)
Non-current liabilities	**(72,968)**	(68,869)

42. PRINCIPAL SUBSIDIARIES (CONTINUED)

(b) Details of Non-wholly Owned Subsidiaries that have Material Non-controlling Interests (continued)

665127 BC and its subsidiaries (continued)

	2015 HK$'000	2014 HK$'000
Revenue	944,975	1,108,630
Expenses	(951,159)	(1,124,285)
Loss for the year	(6,184)	(15,655)
Other comprehensive loss	(807)	(455)
Loss and total comprehensive loss for the year	(6,991)	(16,110)
Net cash outflow from operating activities	(11,467)	(14,777)
Net cash outflow from investing activities	(364)	(69)
Net cash inflow from financing activities	14,269	14,312
Net cash inflow/(outflow)	2,438	(534)

Honour Rich and its subsidiaries

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Current assets	83,214	129,732
Non-current assets	6,680	8,492
Current liabilities	(9,255)	(24,584)
Non-current liabilities	(150,024)	(160,031)

	2015 HK$'000	2014 HK$'000
Revenue	69,700	203,176
Expenses	(88,842)	(178,671)
(Loss)/profit for the year	(19,142)	24,505
Other comprehensive loss	(3,853)	(867)
(Loss)/profit and total comprehensive (loss)/income for the year	(22,995)	23,638
Net cash inflow/(outflow) from operating activities	66,006	(55,400)
Net cash outflow from investing activities	(311)	(3,029)
Net cash (outflow)/inflow from financing activities	(10,007)	59,700
Net cash inflow	55,688	1,271

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Continuing operations					
Revenue	**1,010,669**	1,304,669	1,500,782	1,554,578	1,398,931
(Loss)/profit before taxation from continuing operations	**(11,643)**	73,470	11,597	(40,378)	(84,797)
Taxation	**–**	–	173	(471)	1,069
(Loss)/profit after taxation from continuing operations	**(11,643)**	73,470	11,770	(40,849)	(83,728)
Discontinued operation					
Profit/(loss) after taxation from discontinued operations	**–**	44,312	475	2,872	(7,761)
(Loss)/profit for the year	**(11,643)**	117,782	12,245	(37,977)	(91,489)
Attributable to:					
Owners of the Company	**(6,670)**	96,890	18,644	(33,034)	(77,666)
Non-controlling interests	**(4,973)**	20,892	(6,399)	(4,943)	(13,823)
(Loss)/profit for the year	**(11,643)**	117,782	12,245	(37,977)	(91,489)
(Loss)/earnings per share attributable to owners of the Company:					
From continuing and discontinued operations – Basic and diluted	**(0.14) HK cents**	1.97 HK cents	0.42 HK cents	(0.83) HK cents	(3.18) HK cents

ASSETS AND LIABILITIES

	As at 31 December				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Total assets	**1,153,279**	1,205,737	1,199,307	1,343,771	1,407,971
Total liabilities	**(107,607)**	(116,170)	(189,758)	(577,776)	(905,915)
Net assets	**1,045,672**	1,089,567	1,009,549	765,995	502,056
Total equity attributable to owners of the Company	**1,066,188**	1,078,202	984,724	741,634	470,157
Non-controlling interests	**(20,516)**	11,365	24,825	24,361	31,899
Total equity	**1,045,672**	1,089,567	1,009,549	765,995	502,056