CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1094)

ANNUAL REPORT 2015

Contents

Corporate Information

DIRECTORS

Chairman
Mr. Cheng Yuanzhong, *B.Phil.*

Honorary Chairman
Mr. Ho Wai Kong

Executive Directors
Mr. Zheng Jinwei, *EMBA, BEng*
(Chief Executive)
Mr. Wong Wei Kit, *BA, CPA (Canada), CA*
(Chief Financial Officer)
Ms. He Qian, *EMBA, BAcc, CPA (PRC)*

Non-executive Directors
Mr. Wang Ning, *BEcon*
Mr. Chen Limin, *Solicitor (PRC), LLB*
Mr. Yue Yifeng, *BCS*
Ms. Liu Lizhen, *BEE*
Mr. Hu Wei, *BF, CPA (PRC)*

Independent Non-executive Directors
Mr. Wu Fred Fong, *MBA, CPA (Canada), CA*
Mr. Chan Tze See, Kevin, *MBA, BSc*
Mr. Shen Shaoji, *BEcon*
Mr. Deng Xiang, *BSc, BEcon, CPA (PRC)*
Ms. Wong Yan Ki, Angel, *MBA, BA*

BOARD COMMITTEES

Audit Committee
Mr. Wu Fred Fong *(Chairman)*
Mr. Chan Tze See, Kevin
Mr. Deng Xiang

Remuneration Committee
Mr. Wu Fred Fong *(Chairman)*
Mr. Chan Tze See, Kevin
Mr. Shen Shaoji

Nomination Committee
Mr. Cheng Yuanzhong *(Chairman)*
Mr. Ho Wai Kong
Mr. Wu Fred Fong
Mr. Chan Tze See, Kevin
Mr. Shen Shaoji

COMPANY SECRETARY AND HEAD OF LEGAL

Ms. Ma Wai Sze, Aceya, *Solicitor, LLM, PCLL, LLB(Hon), LLB (Tsinghua)*

SHARE REGISTRARS

Bermuda
MUFG Fund Services (Bermuda) Limited
26 Burnaby Street, Hamilton HM 11, Bermuda

Hong Kong
Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 2805–2810, 28/F.
Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISORS

As to Hong Kong law
Chiu & Partners

As to Bermuda law
Conyers Dill & Pearman

As to PRC law
Shu Jin Law Firm (Shanghai)
Beijing Zhongzhou Law Firm

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank Corporation Hong Kong branch

STOCK CODE

1094

Chairman's Statement

To our shareholders,

On behalf of the Board of Directors (the "Directors") (the "Board") of China Public Procurement Limited (the "Company" or "CPP"), we hereby present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

PUBLIC PROCUREMENT BUSINESS

The Company continued to pursue the ongoing setting up of its 22 electronic public procurement platforms, which were all successfully connected to our China Public Procurement Platform (http://www.china-cpp.com) with data sharing functionalities. Our user platform "公採通" on the China Public Procurement Platform, which provided vendors with vital information on procurement and marketing, third party payment services and logistics information, achieved positive results.

The Company has entered into agreements with numerous universities in relation to the development of electronic platforms, and is making active progress in terms of the provision of diversified procurement services for colleges and universities across the country in a bid for digitalisation and standardisation. In addition, the Company expects that agreement will be entered into with other government authorities to develop electronic procurement platforms for them. Out of over 600 colleges and universities in the PRC, we have entered into agreements with 39 of them, of which 15 are currently conducting transactions on our platform.

TRADING BUSINESS

Our trading business slowed down for the year while still achieving growth as compared to 2014. We will continue to strive for expanding our business network and strengthen the advantage of our unique brand and market position.

PROSPECTS

The electronic commerce industry is currently facing the challenges of consolidation and reform.

On 31 July 2015, the "Proposal Relating to the Integration and Establishing of a Unified and Standardised Public Resources Trading Platform" was approved by the Standing Committee of the State Council of the PRC, suggesting that a unified public resources trading platform shall be established by integrating the bidding process of construction projects, transfer of land use rights and mining rights, transactions of state-owned interests and government procurement, into a core platform. The Group is conducting research in an accelerated mode on the implications of the integration and establishment of a unified and standardised Public Resources Trading Platform. At the same time, the Group will continue to pursue market share, by adopting innovative marketing strategies, reinforcing our brand and taking advantage of our unique market position, and offering of improved value-added services.

In late December 2015, the Company entered an acquisition agreement and acquire a 40% effective interest in a company that is principally engaged in the promotion of ChinaPay's cross-border online settlement solutions. The acquisition is currently pending regulatory and Company's shareholders (the "Shareholders") approval. Should the acquisition succeed, the Group's capacity for electronic commercial platform services will be enhanced, and more comprehensive value-added services will be provided for the users of the Group's procurement platform. It will be very favourable to the Group's future developments with respect to integration and construction of our trading platforms.

Looking forward to 2016, amidst the slowdown of growth of the PRC economy, intense market competition and challenging economic prospect are expected. The Group will continue to identify business opportunities and focus on building a complete procurement chain to serve our customers.

* *The English translation is for identification purpose only*

On behalf of the Board, I would like to thank all the investors, clients, business partners and Shareholders for their support and trust. Our gratitude also extends to all the members of the Board and our employees for their faithful performance of duties and loyal services which helped the Group meet and overcome all our challenges.

Yours faithfully,
For and on behalf of the Board

Cheng Yuanzhong
Chairman

Hong Kong, 31 March 2016

Management Discussion and Analysis

China Public Procurement Limited (referred to hereafter as "The Company") is mainly engaged in the construction and operation of electronic public procurement projects in the PRC. As an independent facilitating platform, the Company takes systematic reform and institutional renovation of the public procurement sector as its own responsibility, taking full advantage of its mixed ownership model with Guocai Science & Technology Company Limited (國採科技股份有限公司), our PRC Partner, straddling between the public and private sector. Full openness and transparency are our principle of procurement as we strive to construct a unified platform for public procurement throughout the nation.

RESULTS AND BUSINESS REVIEW

For the year ended 31 December 2015, the Group recorded a turnover of HK$2,516.1 million (2014: HK$1,223.1 million), which represented an increase of approximately 106%. All three of our business segments recorded an improvement in revenue over the previous year.

Our Public Procurement Segment recorded revenue of HK$9.7 million for the year (2014: HK$6.4 million) which was 52% improvement over the previous year. The improvement was largely due to more customers using our platform for bidding contracts.

Our Corporate IT Solution segment recorded revenue of HK$13.0 million for the year (2014: HK$9.5 million), a 37% improvement over the previous year due to increase in number of customer contracts.

Our Trading segment reported revenue of HK$2,493.3 million for the year (2014: HK$1,207.2 million), which was 107% better than the previous year. We started this segment in the last quarter of 2014 and saw a pick up in trading activities during the first half of 2015. However, the economic and business environment in China were impacted by liquidity issues in the later part of 2015 and as a result, we experienced slower growth in the second half of 2015.

No revenue was generated from the Energy Management Services Segment (EMC) in 2015 and 2014. The Group will closely monitor the development in this market segment.

For the year ended 31 December 2015, the Group recorded gross profit of approximately HK$9.9 million (2014: HK$5.6 million), which represented an increase of approximately 77%. The increase was due to increase revenue and improved cost management during the year.

The Group recorded a loss of approximately HK$1,081.5 million as compared to a loss of approximately HK$668.2 million last year, The increase in the loss for the year was mainly attributable to the impairment loss recognized in respect of goodwill of HK$935.4 million and intangible assets of HK$58.5 million.

On 31 July 2015, the "Proposal Relating to the Integration and Establishing of a Unified and Standardised Public Resources Trading Platform" was approved by the Standing Committee of the State Council of the PRC. It is expected that many of the current provincial and local governments, including those currently active on our platforms, will follow the new rules and regulations. As these rules and regulations are relatively new, and their interpretation and enforcement can be unpredictable, the Group expects a period of adjustments and uncertainties surrounding the future government procurement applications. Considering the uncertainties and potential challenges created by the new rules and regulation, the Group considered it necessary to take a prudent view on the future business outlook. A significant amount of the Group's goodwill and intangible assets which was carried forward from previous years, requires reassessment in terms of recoverability based on revised market outlook. Accordingly, an impairment loss of approximately HK$993.9 million of goodwill and intangible assets has been recognized for the year ended 31 December 2015.

Administrative expenses of the Group amounted to HK$115.6 million, which is 28.7% less than the previous year of HK$162.2 million. Lower professional fees, payroll expenses and non-cash employee stock option expense accounted for the lower administrative expenses for the year.

Finance costs for the year ended 31 December 2015, were HK$2.0 million, representing a decrease of 16.7% from HK$2.4 million in the last year, which was mainly attributable to the full settlement of a bank loan facility during 2014.

FINAL DIVIDEND

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

BUSINESS REVIEW

In the year under review, the Group continues to build the procurement platform and customers relationships. As disclosed in the announcement of the Company dated March 2015, the Group had been pursuing a number of business opportunities in public procurement related activities. The July 2015 Announcement by the State Council of PRC on standardization of public resources trading platform had caused a review of the Group's business development strategy. The Group is currently reviewing the strategy and would be taking a prudent approach in light of the uncertainty of the new rules and regulations.

In December 2015, the Group entered into an agreement ("Proposed Acquisition") to acquire Pioneer Spot Limited, a company that owns an effective interest of 40% in 北京易安通寶電子商務有限公司, a PRC company that engages in the promotion and servicing of cross-border payment and settlement. The agreement is pending regulatory and Shareholders approval.

OUTLOOK

The State Council issued the Guidance Opinions on "Internet+" Actions in July 2015, which proposed a specific scope that required in-depth integration between information technology. Under this policy direction, the information technology industry is facing enormous development opportunities. The Group will continue to identify suitable opportunities building new income streams while minimizing expenditures to improve the results of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its liquidity requirements primarily through internal resources, bank and other loans and issue of new securities. During the year, the Company issued a total of 1,000,000,000 shares for total net cash proceeds of approximately HK$161.5 million. As at 31 December 2015, the Group had cash and cash equivalents of HK$63.4 million, mainly denominated in RMB, and HK dollar (as at 31 December 2014: HK$19.9 million). As at 31 December 2015, the Group's working capital and current ratio were net current assets of approximately HK$262.3 million (2014: HK$102.1 million) and 3.03X (2014: 1.43X) respectively.

GEARING RATIOS

As at 31 December 2015, the Group's gearing ratios, calculated as total interest-bearing bank and other borrowings divided by total Shareholders equity is 6.9% (2014: N/A).

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged bank deposit of HK$11.9 million to secure a credit facility of similar amount.

As at 31 December 2014, certain buildings, prepaid lease payments and investment properties with aggregate carrying amounts of HK$249.3 million were pledged to secure credit facility granted by a company controlled by a director to an independent third party. No amount has been drawn on the credit facility as at 31 December 2014 and the credit facility was subsequently cancelled.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The announcement of State Council on the standardization of the Public Resources Procurement Platform had caused the Group to reassess its on-going commitment to invest in the electronic public procurement platform. In view of the uncertainties caused by the new rules and regulations, the Group has adopted a prudent approach in furthering its investment activities. Based on the working capital forecast prepared by the management with reference to the Group's current business plans, the management considers that the Company will be able to finance its working capital requirement for the next 12 months from 31 December 2015.

As disclosed in the announcement dated 21 December 2015, the Group has entered into an acquisition agreement to acquire Pioneer Spot Limited for a total consideration of HK$1,250.6 million. The consideration shall be satisfied by cash payment of HK$30 million and issuance of a combination of the Company's shares at HK$0.242 per share and convertible bonds. The acquisition agreement is pending regulatory and Shareholders approval.

FOREIGN EXCHANGE EXPOSURE

For the year ended 31 December 2015, the Group mainly earns revenue in RMB and incurred costs in HK$, RMB and US$. Although the Group currently does not have any foreign currency hedging policies, it does not foresee any significant currency exposure in the near future. However, any permanent or significant changes in RMB against HK$, may have possible impact on the Group's results and financial positions.

STAFF AND REMUNERATION POLICY

The Group determines staff remuneration in accordance with market terms and individual qualifications and performance. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. For the year ended 31 December 2015, the Group employed 160 (2014: 228) employees and the total remuneration of the employees (including directors) was approximately HK$64.1 million (2014: HK$86.8 million). The Company maintains a share option scheme (the "Share Option Scheme"), pursuant to which share options are granted to selected directors or employees of the Group, with a view to attracting and retaining quality personnel and providing them with incentive to contribute to the business and operation of the Group.

FUNDING RAISING ACTIVITIES — PLACING

The Company entered into a placing and underwriting agreement on 27 March 2015 and completed the allotment and issue of 1,000,000,000 ordinary shares at HK$0.1705 per share on 29 May 2015. The net proceeds from the placing were approximately HK$161.5 million and have been used for general working capital of the group.

The Company entered into another placing agreement to place up 700,000,000 ordinary shares on 21 December 2015 and completed on 20 January 2016, the allotment and issue of 50,000,000 ordinary shares at HK$0.22 per share. The net proceeds from the placing were approximately HK$10.89 million and have been used for business development.

SUBSEQUENT EVENTS

As disclosed in announcements dated 21 March 2016, the Group has paid HK$15,000,000 for the proposed acquisition of Pioneer Spot Limited, the balance of the cash consideration of approximately HK$15,000,000 has been extended to be paid on 6 May 2016.

The Group entered into a facility agreement with a finance company in the PRC for a working capital line of up to RMB90,000,000. The facility is supported by a pledge of the Group's property.

DIRECTORS

Executive Directors

Mr. Cheng Yuanzhong, aged 58, is an Executive Director, Chairman of the Board and chairman of the Nomination Committee. Mr. Cheng is a director of several subsidiaries of the Company. He holds a bachelor degree in philosophy from Wuhan University.

He commenced his career at the Development Research Centre of the State Council (國務院發展研究中心) (the "DRC"), the PRC where he was engaged in various research activities in macroeconomics, international economics and foreign trade policy with particular emphasis on the issues related to the General Agreement on Tariffs and Trade ("GATT").

He has made extensive efforts on the research of public management as well as e-government and its application. In 2002, he liaised with United Nations Economic and Social Council (ECOSOC) and other organisations to hold an international conference in Beijing in relation to e-government and public administration.

Since 2006, Mr. Cheng has been the chief researcher of the Oriental Comprehensive Research Institute of Public Administration (東方公共管理綜合研究所) of the DRC and the chief coordinator of the Government Procurement Management Reformation Research Team (政府採購管理體制改革研究課題組) of the DRC. With the support from various PRC government offices, he implemented and arranged the public e-procurement pilot programme in China.

Prior to joining the Company, Mr. Cheng was the section head of the Government Office Administration of the State Council, the PRC (中國國務院機關事務管理局), the deputy officer of the Service Centre (機關服務中心) of the DRC and the deputy managing director of the Oriental Comprehensive Research Institute of Public Administration of the DRC. Mr. Cheng has also published several writings on the issues between GATT and the PRC and he was the chief editor of The Guideline for Small and Medium Enterprises in the PRC to List Overseas (《中國中小企業海外上市指南》).

He is currently a vice president of the China Federation of Logistics and Purchasing.

Mr. Ho Wai Kong, aged 60, is an Executive Director, Honorary Chairman of the Board and a member of the Nomination Committee, as well as a director of several subsidiaries of the Company. Mr. Ho is an entrepreneur who for the last 30 years has been actively involved in China/Hong Kong cross border business development. Mr. Ho's extensive experience, far-reaching network and business acumen will be invaluable for the Company in its business development in the PRC.

Mr. Zheng Jinwei, aged 46, is an Executive Director and Chief Executive. He obtained a degree of bachelor of engineering from Beijing University of Chemical Industry in 1991, and a degree of executive master of business administration from Cheung Kong Graduate School of Business in 2014. With previous work experience in Beijing University of Chemical Industry, he worked as a director of Beijing Tiandi Jingwei Technology & Trade Limited* (北京天地經緯科貿有限公司) and Beijing Tiandi Ruiqi Technology & Trade Limited* (北京天地瑞祺科貿有限公司) from 1996 to 2006. Since 2006, he has served as a director in Zhao Wei International Enterprise Limited* (兆偉國際企業有限公司).

Mr. Wong Wei Kit, aged 63, is an Executive Director and Chief Financial Officer. He is a member of the Chartered Professional Accountants and the Institute of Chartered Accountants of British Columbia, Canada, having previously worked as an auditor at Deloitte in Vancouver, Canada and as Senior Audit Manager of PricewaterhouseCoopers in Hong Kong. He joined Hutchison Telecommunications Group in 1989, serving as Finance Director, leading the mergers and acquisitions team to start up international joint ventures and investment projects. He has more than 25 years of experience in managing telecommunications, media and technology projects. From January 2009 to January 2014, he joined e-Kong Group Limited, a listed company in Hong Kong and served as its Chief Financial Officer from March 2011. Currently he is a fellow member of the Hong Kong Institute of Directors and Independent Director of Spackman Entertainment Group Limited, a company listed on the Catalist Board in Singapore. Mr. Wong obtained a bachelor degree of Arts from Simon Fraser University, British Columbia, Canada.

Ms. He Qian, aged 43, was appointed as an Independent Non-executive Director on 13 January 2015 and re-designated as an Executive Director on 7 December 2015. She obtained a bachelor's degree in accounting from University of International Business and Economics in 2006 and a degree of executive master of business administration from Cheung Kong Graduate School of Business in 2011, and she is a certified accountant and certified tax agent. She began her career in accounting in 1994, and served as the head of Tianrui Tax Agency Firm* (天瑞税務師事務所) and Zhejiang Yuehua Certified Public Accountants* (浙江岳華會計師事務所) founded by her from 2001 to 2004. She became a partner of RSM China Certified Public Accountants (中瑞岳華會計師事務所) from 2009 to July 2013, where she was responsible for the operation of the Zhejiang branch as its head. Highly experienced in accounting, she was a contracted project partner for The Potevio (普天集團), a state-owned key enterprise, Hangzhou Industrial Investment Group Co.,Ltd.* (杭州實業投資集團), a state-owned enterprise, and listed companies such as Eastcom (東方通信), Jiangsu Akcome (江蘇愛康), EastcomPeace (東信和平) and Zhonghen Electric (中恒電氣), as well as the initial public offering of dozens of other companies. She was a partner and the head of Zhejiang Branch of Ruihua Certified Public Accountants (瑞華會計師事務所) from August 2013 to April 2015. She has been working for Zhejiang Yueyou Investment Management Co., Ltd (浙江岳佑投資管理有限公司) since May 2015.

Non-executive Directors

Mr. Wang Ning, aged 60, is a Non-executive Director. He obtained his bachelor degree in political economics from the First Branch College of the Renmin University of China* (中國人民大學第一分校).

Mr. Wang has substantial experience in the field of electronics information industry and has a deep understanding of sales, marketing, network, conferences and exhibitions and the development of consumer electronics. He was formerly the deputy director of the Office of the Bureau of Sales of the Ministry of Electronics Industry (電子工業部銷售局辦公室) of the PRC and the director of the Management Division of the National Household Appliances Repair and Management Centre (全國家電維修管理中心). He is currently a senior economist.

Since 1993, Mr. Wang has been the vice president and secretary general of China Electronics Chambers of Commerce (中國電子商會). He is currently an independent director of Jilin Sino-Microelectronics Co., Ltd. (SSE Stock Code: 600360), a Shanghai listed company and a member of the supervisory board of Vtion Wireless Technology AG (Stock Code: V33), a Frankfurt listed company. He is also the president of the Consumer Electronics Magazine (《消費電子》).

Mr. Chen Limin, aged 52, is a Non-executive Director. He graduated from the faculty of law of the Southwest University of Political Science & Law in 1985, and was qualified as a lawyer in the PRC in 1987. Since 1992, he has been engaged in securities-related legal affairs in the PRC and served as a lawyer and partner in a number of law firms in Shenzhen and Beijing. Currently he is a lawyer and partner serving in Zhong Lun Law Firm in Beijing. He worked in Hidili Industry International Development Limited and is now an independent director of People.cn Co. Ltd.

Mr. Yue Yifeng, aged 42, is a Non-executive Director. He graduated from the department of computer science of Sichuan University in 1995. He is familiar with investment and financing for start-ups, corporate management and has accumulated a rich portfolio of successful investment examples and high-end social resources in the industry by virtue of his broad horizon, business acumen and great insight.

Mr. Yue founded 8211 Remote Education Web* (8211遠端教育網) in 2000 and worked as the general manager in telecommunications of Chengdu Changfeng, a listed company on Shanghai stock exchange in 2003. He began to undertake a series of business launches in the Internet business field commencing in 2005, founding various well-known Internet-related local companies such as Beijing Wangyue Hulian* (北京網樂互聯) invested by internationally renowned venture capitals with an amount of tens of millions US dollars, Chengdu Search* (成都全搜索) which was acquired by Chengdu Media Group, Chengdu Yihaiqingtian* (成都逸海情天) acquired by Perfect World Co. Ltd, moreWiFi which was shortlisted as the WiFi service provider of Tencent WeChat, and 91Golf, the first golf-themed social media platform in China.

Mr. Yue founded Defenghao Fund* (德豐浩基金) in 2013, which has since invested in premium projects such as FishSaying (魚説科技), a mobile intelligent guide; 沃客加, a start-up community incubator; 義幻醫療, a healthcare service software, moreWiFi, a mode of interactive marketing through WeChat WiFi; 人人優泊, an intelligent car-parking application; and 天天陪護, a mobile healthcare application, among others. With his acute sense of investment judgement and effective investment service, he managed to set a wave of popularity for Defenghao among the "Internet+" industry in Chengdu.

Ms. Liu Lizhen, aged 40, is a Non-executive Director. She graduated from Hangzhou Dianzi University (formerly known as Hangzhou Dianzi Industry School) with a bachelor degree in 1997. From 1997 to 2007, she worked in Taikoo (Xiamen) Aircraft Engineering Co. Ltd. and Beijing Orient Huibo Human Resource Consulting Services Limited. From 2007 to 2014, she worked in various positions, including consultant and consultant manager, in 51JOB (NASDAQ: JOBS). During this period, she had been a human resource manager of Longfor Group. She has been the human resource director of 國採（北京）投資有限公司 since 2014.

Mr. Hu Wei, aged 40, is a Non-executive Director. He was a graduate from the department of finances of Jiangxi Vocational College of Finance and Economics (江西財經學院) in 1996. He worked in Guangdong Midea Group Holdings Co. Ltd from 1997 to 2004, and as a financial director of Midea Group Company Limited from 2004 to 2005. He worked in Foshan Midea Household Electric Appliances Group Company from 2005 to 2010, serving at various positions such as senior manager and vice director. From 2010 to 2011, he was the chief operating officer of Chongqing Zongshen Industrial Group, and from 2011 to 2012, he worked as the president of Chongqing Zongshen Automobile Group* (重慶宗申機車集團). He worked as the operation vice-president of Mingjun Group Technology Limited from 2012 to 2014. Since 2014, he has worked as the operation vice-president of Zhengbang Group Co. Ltd.

Independent Non-executive Directors

Mr. Wu Fred Fong, aged 68, has been an Independent Non-executive Director since 26 June 2009, chairman of the Audit Committee and Remuneration Committee since 28 September 2009 and a member of the Nomination Committee since 29 March 2012. Mr. Wu has considerable directorship and corporate governance experience and has involved in auditing, corporate planning, corporate finance, investment and consulting with public companies in Canada and Hong Kong. Mr. Wu holds a master's degree in Business Administration in the Schulich School of Business, York University, Canada. He is a Chartered Accountant qualified in Canada and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu is currently an independent non-executive director of Minth Group Limited, and Shen Yuan Holdings Limited, the shares of both of which are listed on the Main Board of the Stock Exchange (stock codes on the Stock Exchange: 425 and 851 respectively).

Mr. Chan Tze See, Kevin, aged 58, is an Independent Non-executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee. He graduated with a Bachelor degree of Science in Computer Science and a MBA degree from the University of Illinois, USA, and has over 30 years of technical and management experience in the IT industry in Hong Kong, USA, and China. Mr. Chan is a director of Beijing Jolon Digital Media Broadcasting Co., Limited since 2005 till present. Before that, he was Greater-China regional director of Commerce One Inc, USA.

Mr. Shen Shaoji, aged 53, is an Independent Non-executive Director and a member of the Remuneration Committee and Nomination Committee. He is also a rotating chairman of International Federation of Warehousing and Logistics Associations (IFWLA) from 2012 to 2013. He graduated from Beijing Technology and Business University (formerly known as Beijing Business School) in 1983 and obtained a bachelor's degree in economics. He then worked in former Ministry of Commerce and former Ministry of Domestic Trade. In 1998, he obtained the qualification of Senior Economist. From 1998 to 2006, he was engaged in operating and managing logistics enterprises. In particular, he worked as general manager of Hua Yun Tong Logistics Co., Ltd (China Express Logistics Co., Ltd.), an affiliated company under former Ministry of Domestic Trade, and then as general manager (also the legal representative) of Hua Yun Logistics Industrial Corporation, thus accumulating extensive experience in operation and management of logistics enterprises. From 2006 to 2015, he was the full-time president of China Association of Warehouses and Storage and vice-president of China Society of Logistics. He became the full-time vice president of China Association of Warehouses and Storage in 2016. In 1992, he presided over the argumentation of the pilot plan for the construction of China's first batch of logistics distribution centers. Hua Yun Tong Logistics Co., Ltd, a company he founded, was one of the 34 modern logistics enterprises which were the key business contacts of the State Economic Trade Commission. From 1999 to 2001, he had been presiding over the preparation and the publication of "the Supply and Demand Analysis Reports of China Logistic Market" for three consecutive years. Also, he has been presiding over the preparation and the publication of "China Warehousing Industry Development Report" for nine consecutive years since 2006.

Mr. Deng Xiang, aged 43, is an Independent Non-executive Director and a member of the Audit Committee. He graduated from Sichuan University with a bachelor degree of science and also possesses a bachelor degree in Economics. He is also a certified public accountant in the PRC. Prior to joining the Company, Mr. Deng was the financial manager of Chengdu Branch of Dapeng Securities Co., Ltd.* (大鵬證券有限責任公司), the audit manager of Chengdu Shenlan Group Co., Ltd.* (成都深藍集團有限公司), head of internal audit department in the PRC of Asia Pulp & Paper Co., Ltd. (APP) and the senior manager of Guosen Securities Co., Ltd.* (國信證券有限責任公司). He joined Xizang Haisco Pharmaceutical Group Co., Ltd. (stock code in the Shenzhen Stock Exchange: 002653) since November 2009 and served as deputy general manager, financial controller and board secretary of the group. He is currently the vice president in charge of financial matters of the group and the board secretary of the company.

Ms. Wong Yan Ki, Angel, aged 44, is an Independent non-executive Director. She obtained a Bachelor of Arts degree, majoring in international accounting, from Xiamen University in July 1994, a postgraduate certificate in professional accounting from the City University of Hong Kong in November 2000 and a master degree of business administration from Cheung Kong Graduate School of Business (長江商學院) in PRC in October 2009. Ms. Wong also obtained a certificate in taxation and accounting in the PRC from the China Business Centre of The Hong Kong Polytechnic University in October 2002. Ms. Wong has been admitted as fellow member of the Institute of Financial Accountants in the United Kingdom since October 2003, full member of the Society of Registered Financial Planners in Hong Kong since November 2003, full member of the Singapore Institute of Directors since October 2009, member of the Hong Kong Institute of Directors since November 2014, fellow member (FIPA, Australia) of the Institute of Public Accountants since April 2015 and founding member of the Hong Kong Independent Non-Executive Director Association since October 2015. Ms. Wong was also the honorary secretary from 2007 to 2008 and council member of Institute of Financial Accountants in the United Kingdom from 2008 to 2009, and a part-time professor at Xiamen University from April 2006 to June 2009.

Ms. Wong worked for Deloitte Touche´ Tohmatsu from September 1995 to November 1999. She later served a number of roles at Great East Packaging Holdings Limited (偉東包裝製品集團有限公司) from October 1999 to March 2003, including group financial controller, financial controller, finance manager and assistant finance manager. Between April 2003 and December 2007, she held various positions at Benefit Capital Limited (百富達融資有限公司) including vice president and executive director. From April 2005 to November 2005, she also acted as the chief financial officer of Shengda (Group) Holdings Ltd. (勝達國際控股有限公司). Since January 2008 Ms. Wong has been the president and executive director of Advanced Capital Limited (匯財資本有限公司), where she provides consultancy services for both listed companies and companies preparing for listing.

Ms. Wong was appointed as a non-executive director of Duty Free International Limited, a company listed on SESDAQ of the Singapore Exchange Limited (Stock Code: DutyFree) from August 2009 to January 2011, during which she acted as the chairman of the board from February 2010 to January 2011. Ms. Wong was appointed as an independent non-executive Director of China Best Group Holding Limited, a company listed on the Stock Exchange (Stock Code: 370) since June 2011 to September 2014. She was appointed as an independent non-executive director of Oriental Unicorn Agricultural Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8120) from October 2011 to May 2013. She was also appointed as an independent non-executive Director of China Shengda Packaging Group Inc. (NASDAQ:CPGI) since August 2014 to September 2015. Since March 2013, Ms. Wong is an independent non-executive Director of Hengxing Gold Holding Company Limited, a company listed on the Stock Exchange (Stock Code: 2303). Since November 2015, Ms. Wong is an independent non-executive Director of 500.com Limited (NYSE: WBAI).

COMPANY SECRETARY

Ms. Ma Wai Sze, Aceya, aged 50, is the head of legal, company secretary (the "Company Secretary") and authorized representative of the Company. She joined the Company in 2005.

Ms. Ma graduated with a Bachelor of Laws Degree from The University of Hong Kong in 1989 and obtained the Postgraduate Certificate in Laws in 1990. She also obtained a Master of Laws Degree from The University of Hong Kong in 1993. She was admitted as a solicitor in Hong Kong in 1992 and in the United Kingdom in 1997. In 2007, Ms. Ma obtained a Second Degree in China Law from The Beijing Tsinghua University. She is a member of The Law Society of Hong Kong and The Hong Kong Institute of Directors and is a practicing solicitor in Hong Kong.

She has more than 20 years of legal experiences. She was a solicitor in private practice in Hong Kong for more than 10 years and with more than 10 years working experiences as in-house legal counsel in companies listed on the Main Board of the Stock Exchange.

* *The English translation is for identification purpose only*

Directors' Report

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

PRINCIPAL ACTIVITIES

The Group is principally engaged in the public procurement related businesses, including bulk commodity trading, Energy Management Contracting (EMC), the development and operation of electronic public procurement platforms and provision of procurement information and other added value services to users of the procurement platforms. Services include such as the supplier authentication, financial services, and supply chain management, etc.

BUSINESS REVIEW

A fair review of the Group's business and its outlook are set out in the sections of Chairman's Statement and Management Discussion & Analysis. Certain financial key performance indicators are provided in the section of Financial Summary. Since the end of the financial year under review, (i) the Company completed the placing to issue and allot 50,000,000 ordinary shares of the Company at a placing price of HK$0.22; and (ii) the Group entered into a supplemental agreement dated 3 February 2016 with Moonride Holdings Limited in connection with the acquisition of Pioneer Spot Limited pursuant to which HK$30,000,000 of the consideration will be settled in cash by the Group.

The Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

Environmental Protection

The Group respects the environment and is committed to minimizing its carbon footprints as a socially responsible enterprise. Carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide of (CO_2) emission. Non-hazardous wastes produced from the Group mainly consist of used paper such as office papers and marketing materials. To minimize the impact of carbon footprints on the environment, the Group implements the following practices to use paper efficiently:

- Duplex printing is set as the default mode for most network printers;
- Employees are reminded to practice photocopying wisely;
- Employees are encouraged to use both sides of paper;
- Paper waste is recycled instead of being directly disposed of in landfills;
- Paper is separated from other waste for easier recycling; and

- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

Electricity consumption is identified as having an adverse impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The Group is determined to reduce energy consumption and implement conservation practices to reduce the effect of carbon footprint. Air conditioning and light zone arrangements reduce unnecessary electricity usage; employees enforce good practices in maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximize efficiency.

KEY RISK FACTORS

The following lists out the key risks and uncertainties facing the Group.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

SEGMENT INFORMATION

An analysis of the Group's results, assets and liabilities by segment for the year is set out in Note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the Consolidated Statement of Profit or Loss on page 53.

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 December 2015.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 143.

PROPERTY, PLANT AND EQUIPMENT, PREPAID LEASE PAYMENTS AND INVESTMENT PROPERTIES

Details of the movements in the property, plant and equipment, prepaid lease payments and investment properties of the Group during the year are set out in Notes 17, 18 and 19 to the consolidated financial statements respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's, capital, convertible preference shares and share options during the year are set out in Notes 32, 33 and 34 to the consolidated financial statements respectively.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in Note 42 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws (the "Bye-laws") or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2015, there were increases in the issued shares of the Company through the following issuance of ordinary shares of the Company:

Convertible Preferred Shares

The Company issued a total of 54,619,624 fully paid ordinary shares upon conversion of the preferred shares of the Company during the year.

Subscription and Placing of New Shares

(1) On 27 March 2015, the Company entered into a subscription agreement whereby the Company has conditionally agreed to issue and allot a total of 1,000,000,000 new ordinary shares of HK$0.01 each in the capital of the Company (the "Subscription Share(s)") at HK$0.1705 per share (the "Subscription") to 深圳前海中金阿爾法資產管理有限公司 (Shenzhen Qianhai ZhongjinAlpha Asset Management Co. Ltd.*) (the "Subscriber", a company established in the PRC and is an independent third party).

The Directors are of the view that the subscription agreement represents a good opportunity to raise additional funds for the Group's working capital purpose and at the same time strengthen its capital base and financial position.

The Directors (including the independent non-executive Directors) considers the terms and conditions of the subscription agreement to be fair and reasonable, on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole.

The closing price per ordinary share as quoted on the Stock Exchange on 27 March 2015, being the date of the subscription agreement was HK$0.213. The net price for each subscriptions share was approximately HK$0.1705.

The Subscription was completed on 29 May 2015. An aggregate of 1,000,000,000 Subscription Shares has been successfully subscribed by the Subscriber at a price of HK$0.1705 per Subscription Share, raising gross proceeds and net proceeds of HK$170.5 million and HK$161.5 million respectively. The net proceeds from the Subscription would be used for general working capital of the Group.

Details of the above Subscription were published in the Company's announcements dated 27 March 2015 and 29 May 2015.

(2) On 12 June 2015, the Company entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited, pursuant to which the Company conditionally agreed to place, through Changjiang Securities Brokerage (HK) Limited, up to a maximum of 2,624,670,080 new ordinary shares of HK$0.01 each in the capital of the Company, on a best-effort basis to not fewer than six independent placees at a price of HK$0.260 per placing share (the "Placing 1"). The Board considered that the Placing 1 would further strengthen the capital base and financial position of the Group.

The closing price per ordinary share as quoted on the Stock Exchange on 12 June 2015, being the date of the placing agreement was HK$0.320. The net price for each placing share was approximately HK$0.259.

The Placing 1 was terminated on 31 July 2015 due to market conditions. The Directors believe that the termination of the Placing 1 contemplated thereunder has no material adverse impact on the financial position and operations of the Company.

Details of the above transaction were published in the Company's announcements dated 12 June 2015 and 31 July 2015.

(3) On 21 December 2015, the Company entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited, pursuant to which the Company conditionally agreed to place up to 700,000,000 new ordinary shares of HK$0.01 each in the capital of the Company, on a best-effort basis to not fewer than six independent places at a price of HK$0.22 per placing share (the "Placing 2"). The Board considered that the Placing 2 would further strengthen the capital base and financial position of the Group.

The closing price per ordinary share as quoted on the Stock Exchange on 21 December 2015, being the date of the placing agreement was HK$0.2420. The Placing 2 was completed on 20 January 2016. An aggregate of 50,000,000 placing shares has been successfully placed by one placee, China Chuanglian Education Group Limited, at a price of HK$0.22 per placing share, raising gross proceeds and net proceeds of HK$11 million and HK$10.89 million respectively. The net price for each placing share was approximately 0.2178. The net proceeds from the Placing 2 would be used for general working capital of the Group.

Details of the above Placing 2 were published in the Company's announcements dated 21 December 2015 and 20 January 2016.

The equity fund raising activities conducted by the Company as at the date of the report are set out below:

Date of announcements	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds	HK$	percentages
27 March 2015 and 29 May 2015	Subscription of 1,000,000,000 new Shares under the General Mandate	HK$161.5 million	For general working capital of the Group	Payment for trading and business operation	HK$43.6 million	27.0%
				Administration expenses	HK$55.5 million	34.4%
				Remaining cash	HK$62.4 million	38.6%
21 December 2015 and 20 January 2016	Placing of 50,000,000 new ordinary shares under general mandate	HK$10.89 million	For general working capital of the Group	Payment for business development	HK$10.89 million	100%

The total number of issued shares of the Company as at 31 December 2015 was 13,288,027,823 ordinary shares.

Save as disclosed above, the Company did not redeem any of its securities during the year and neither the Company nor any of its subsidiaries purchased or sold any of the Company's securities during the year.

Loan Capitalization

On 3 August 2015, the Company and Top Succeed Holdings Limited ("Top Succeed") entered into the loan capitalisation agreement in relation to the subscription of the consideration shares of 149,677,419 ordinary shares by Top Succeed (or its nominee(s)) at the issue price of 0.155 for capitalising the debts owed by the Company to Top Succeed. The Company completed the allotment of 149,677,419 new ordinary shares pursuant to the loan capitalisation agreement at the issue price of HK$0.155 each on 13 August 2015.

Details of the above were published in the Company's announcements dated 3 August 2015.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

Share Option Scheme

Old Scheme

The Company adopted the share option scheme pursuant to the ordinary resolution passed by the Shareholders on 12 June 2002 and the share option scheme expired on 11 June 2012 (the "Old Scheme").

The purpose of the Old Scheme is to attract and retain quality personnel and provide them with incentive to contribute to the business and operation of the Group.

Participants under the Old Scheme include Directors and employees of the Group.

The principal terms of the Old Scheme are summarised as follows:

The Old Scheme was adopted for a period of 10 years commencing from 12 June 2002 and expired on 11 June 2012.

Share options may be granted without any initial payment. The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(i) The nominal value of the shares;

(ii) The closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the share option; and

(iii) The average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the share option.

Under the Old Scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the Old Scheme shall not in aggregate exceed 10% of the number of shares in issue at the date of approval of the Old Scheme provided that, inter alia, the Company may seek approval of the Shareholders at a general meeting to refresh the general scheme limit. The maximum number of shares in respect of which share options may be allotted and issued upon exercise of all outstanding share options granted and yet to be exercised under the Old Scheme may not, subject to Shareholders' approval, exceed 30% of the share capital of the Company in issue from time to time. During the year ended 31 December 2015, 181,100,000 outstanding options under the Old Scheme were lapsed. As at the date of this report, no shares are available for issue under the Old Scheme.

The maximum number of shares issued and to be issued upon exercise of the share options granted to each grantee under the Old Scheme (including both exercised and outstanding share options) in any 12-month period shall not exceed 1% of the share of the Company in issue. Any further grant of share options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approval by its Shareholders in accordance with the Old Scheme.

New Scheme

The Company adopted a new share option scheme pursuant to the ordinary resolution passed by the Shareholders on 13 June 2013 (the "New Scheme").

The purpose of the New Scheme is to attract and retain quality personnel and provide them with incentive to contribute to the business and operation of the Group.

Participants under the New Scheme include Directors and employees of the Group.

The principal terms of the New Scheme are summarised as follows:

The New Scheme was adopted for a period of 10 years commencing from 13 June 2013 and was due to expire on 12 June 2023.

Share options may be granted without any initial payment. The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(i) The nominal value of the shares;

(ii) The closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the share option; and

(iii) The average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the share option.

Under the New Scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the New Scheme shall not in aggregate exceed 10% of the number of shares in issue at the date of approval of the New Scheme provided that, inter alia, the Company may seek approval of the Shareholders at a general meeting to refresh the general scheme limit. The maximum number of shares in respect of which share options may be allotted and issued upon exercise of all outstanding share options granted and yet to be exercised under the New Scheme may not, subject to Shareholders' approval, exceed 30% of the share capital of the Company in issue from time to time.

During the year ended 31 December 2015, 451,340,000 options were granted; 100,000,000 options were lapsed and no options were cancelled and exercised.

As at the date of this report, the total number of shares available for issue of the New Scheme is 844,726,701, representing approximately 6.33% of the issued share capital of the Company.

The maximum number of shares issued and to be issued upon exercise of the share options granted to each grantee under the New Scheme (including both exercised and outstanding share options) in any 12-month period shall not exceed 1% of the share of the Company in issue. Any further grant of share options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approval by its Shareholders in accordance with the New Scheme.

Details of the share options movements during the year under the Old Scheme and New Scheme are as follows:

Name of category	Date of grant of share options	Number of share options: Outstanding as at 01.01.2015	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding as at 31.12.2015	Vesting period	Validity period of share options	Exercise price (HK$)
Directors										
Cheng Yuanzhong	28.05.2012	15,000,000	—	—	15,000,000	—	—	—	28.05.2012 to 27.05.2015	0.762
	22.12.2015	—	20,000,000 *(Note 1)*	—	—	—	20,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Ho Wai Kong	22.12.2015	—	20,000,000 *(Note 1)*	—	—	—	20,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Zheng Jinwei	22.12.2015	—	20,000,000 *(Note 1)*	—	—	—	20,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Wong Wei Kit	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
He Qian	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Wang Ning	28.05.2012	10,000,000	—	—	10,000,000	—	—	—	28.05.2012 to 27.05.2015	0.762
	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Chen Limin	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Yue Yifeng	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Liu Lizhen	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Hu Wei	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Wu Fred Fong	28.05.2012	3,300,000	—	—	3,300,000	—	—	—	28.05.2012 to 27.05.2015	0.762
	02.07.2013	3,000,000	—	—	—	—	3,000,000	—	02.07.2013 to 01.07.2016	0.762
	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Chan Tze See, Kevin	28.05.2012	3,300,000	—	—	3,300,000	—	—	—	28.05.2012 to 27.05.2015	0.762
	02.07.2013	3,000,000	—	—	—	—	3,000,000	—	02.07.2013 to 01.07.2016	0.762
	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Shen Shaoji	02.07.2013	5,000,000	—	—	—	—	5,000,000	—	02.07.2013 to 01.07.2016	0.762
	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Deng Xiang	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Wong Yan Ki, Angel	22.12.2015	—	5,000,000 *(Note 1)*	—	—	—	5,000,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Peng Zhiyong (resigned on 15 July 2015)	28.05.2012	12,000,000	—	—	12,000,000	—	—	—	28.05.2012 to 27.05.2015	0.762
Zhang Zhongmin (resigned on 15 July 2015) *(Note 2)*	06.06.2014	10,000,000	—	—	—	—	10,000,000	—	06.06.2014 to 05.06.2017	0.415
Yang Lei (resigned on 15 July 2015) *(Note 3)*	06.06.2014	10,000,000	—	—	—	—	10,000,000	—	06.06.2014 to 05.06.2017	0.415
Subtotal		74,600,000	120,000,000	—	43,600,000	—	151,000,000			

		Number of share options								
Name of category	Date of grant of share options	Outstanding as at 01.01.2015	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding as at 31.12.2015	Vesting period	Validity period of share options	Exercise price *(HK$)*
Employees and others	28.05.2012	137,500,000	—	—	137,500,000	—	—	—	28.05.2012 to 27.05.2015	0.762
	02.07.2013	158,000,000	—	—	—	—	158,000,000	—	02.07.2013 to 01.07.2016	0.762
	02.07.2013	110,000,000	—	—	—	—	110,000,000	—	02.07.2013 to 01.07.2016	0.640
	18.10.2013	15,000,000	—	—	—	—	15,000,000	—	18.10.2013 to 17.10.2016	0.762
	03.06.2014	100,000,000	—	—	100,000,000	—	—	—	03.06.2014 to 02.12.2015	0.385
	06.06.2014	100,000,000	—	—	—	—	100,000,000	—	06.06.2014 to 05.06.2017	0.415
	22.12.2015	—	331,340,000 *(Note 1)*	—	—	—	331,340,000	50% of the Options shall vest on 22.12.2015 and 50% of the Options shall vest on 22.06.2017	22.12.2015 to 21.12.2018	0.228
Subtotal		620,500,000	331,340,000	—	237,500,000	—	714,340,000			
Total		**695,100,000**	**451,340,000**	**–**	**281,100,000**	**–**	**865,340,000**			

Notes:

1. Closing price of the shares on the last trading day prior to the date of grant was HK$0.242 per share.

2. Mr. Zhang Zhongmin, who was an Executive Director, resigned on 15 July 2015. His share options are still valid for six months after his resignation.

3. Mr. Yang Lei, who was an Executive Director, resigned on 15 July 2015 but remained as the Chief Technical Officer of the Company until 21 December 2015. His share options are still valid for six months from 21 December 2015.

Information on the accounting policy for share options granted and the weighted average value per share is set out in Notes 3 and 34 to the consolidated financial statements respectively.

CONVERTIBLE PREFERENCE SHARES

Details of the convertible preference shares of the Company are set out in the note 33 to the financial statements.

DIRECTORS

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

Chairman
Mr. Cheng Yuanzhong, *B.Phil.*

Honorary Chairman
Mr. Ho Wai Kong

Executive Directors

Mr. Zheng Jinwei, *EMBA, BEng*	(appointed as Chief Executive on 15 July 2015)
Mr. Wong Wei Kit, *BA, CPA (Canada) CA* *(Chief Financial Officer)*	
Ms. He Qian, *EMBA, BAcc, CPA (PRC)*	(re-designated as Executive Director on 7 December 2015)
Mr. Yan Wei, *EMBA, LLB (Chief Executive)*	(resigned on 15 July 2015)*
Mr. Zhang Zhongmin, *PDDip, DEng* *(Chief Operating Officer)*	(resigned on 15 July 2015)*
Mr. Yang Lei, *DEng, MCS, BCS* *(Chief Technical Officer)*	(resigned on 15 July 2015)*
Mr. Peng Zhiyong, *MBA, BEcon, CIA* *(Head of Internal Audit)*	(resigned on 15 July 2015)*
Mr. Mao Dai, *EMBA*	(appointed on 15 July 2015 and resigned on 7 December 2015)*

Non-executive Directors

Mr. Wang Ning, *BEcon*	
Mr. Chen Limin, *LLB*	(appointed on 15 July 2015)
Mr. Yue Yifeng, *BCS*	(appointed on 15 July 2015)
Ms. Liu Lizhen, *BEE*	(appointed on 15 July 2015)
Mr. Hu Wei, *BF, CPA (PRC)*	(appointed on 15 July 2015)

Independent Non-executive Directors

Mr. Wu Fred Fong, *MBA, CPA (Canada), CA*	
Mr. Chan Tze See, Kevin, *MBA, BSc*	
Mr. Shen Shaoji, *BEcon*	
Mr. Deng Xiang, *BSc, BEcon, CPA (PRC)*	
Ms. Wong Yan Ki, Angel, *MBA, BA*	(appointed on 7 December 2015)

* Mr. Yan Wei, Mr. Zhang Zhongmin, Mr. Yang Lei, Mr. Peng Zhiyong and Mr. Mao Dai resigned as executive Directors in order to devote more time on their other business commitments.

Pursuant to Bye-law 86(2) of the Bye-laws, any director appointed to fill a causal vacancy on the Board shall hold office only until the next following general meeting of the Company, and any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company. Such directors shall then be eligible for re-election at the next following general meeting or annual general meeting.

In accordance with Bye-law 86(2) of the Bye-laws, Ms. He Qian shall retire from her office, being eligible, offer herself for re-election as Executive Director, Mr. Chen Limin, Mr. Yue Yifeng, Ms. Liu Lizhen and Mr. Hu Wei shall retire from their offices, being eligible, offer themselves for re-election as Non-executive Directors and Ms. Wong Yan Ki, Angel shall retire from her office, being eligible, offer herself for re-election as Independent Non-executive Director. At the next annual general meeting, ordinary resolutions will be proposed to re-elect the abovementioned directors as Executive Director, Non-Executive Directors and Independent Non-Executive Director respectively.

Further, pursuant to Bye-law 87 of the Bye-laws, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting provided that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election.

In accordance with Bye-law 87 of the Bye-laws, Mr. Ho Wai Kong, Mr. Chan Tze See, Kevin and Mr. Shen Shaoji will retire from their offices by rotation, and will offer themselves for re-election.

The Company has received from each of the Independent Non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors are independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Except Mr. Chen Limin, Mr. Yue Yifeng, Ms. Liu Lizhen and Mr. Hu Wei, entered into formal service contracts with the Company for a term of 1 year commencing from 15 July 2015 and Ms. Wong Yan Ki, Angel entered into formal service contracts with the Company for a term of 1 year commencing from 7 December 2015 and are subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Bye-laws of the Company, all other Directors have entered into formal service contracts with the Company for a term of 3 years and are subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-laws.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting have a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no transaction, arrangement or contract of significance to which the company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the company or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information on Directors for the year ended 31 December 2015 are as follows:

Name of Directors	Details of changes
Mr. Wu Fred Fong *(Independent Non-executive Director)*	His service contract as an Independent Non-executive Director has been renewed for a term of 3 years commencing from 26 June 2015 to 25 June 2018.
Mr. Chan Tze See, Kevin *(Independent Non-executive Director)*	His service contract as an Independent Non-executive Director has been renewed for a term of 3 years commencing from 22 December 2015 to 21 December 2018.
Mr. Shen Shaoji *(Independent Non-executive Director)*	His service contract as an Independent Non-executive Director of the Board has been renewed for a term of 3 years commencing from 28 December 2015 to 27 December 2018.

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

As at 31 December 2015, the interests and short positions of the directors and the Chief Executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be 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, were as follows:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares held	Percentage of the issued share capital as at 31 December 2015
Cheng Yuanzhong	Beneficial interest	17,808,000	20,000,000 *(Note 4)*	0.28%
Ho Wai Kong	Corporate interest	637,388,000 *(Note 1)*	4,284,725 *(Note 1)*	4.82%
	Beneficial interest	79,800,000	20,000,000 *(Note 4)*	0.75%
	Spousal interest	279,348,000 *(Note 2)*	—	2.10%
Zheng Jinwei	Corporate interest	60,000,000 *(Note 3)*	—	0.45%
	Beneficial interest	—	20,000,000 *(Note 5)*	0.15%
Wong Wei Kit	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
He Qian	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Wang Ning	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Chen Limin	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Yue Yifeng	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares held	Percentage of the issued share capital as at 31 December 2015
Liu Lizhen	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Hu Wei	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Wu Fred Fong	Beneficial interest	20,000,000	8,000,000 *(Note 4)*	0.21%
Chan Tze See, Kevin	Beneficial interest	—	8,000,000 *(Note 4)*	0.06%
	Spousal interest	352,000 *(Note 5)*	—	0.00%
Shen Shaoji	Beneficial interest	—	10,000,000 *(Note 4)*	0.07%
Deng Xiang	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Wong Yan Ki, Angel	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Yan Wei (resigned on 15 July 2015)	Corporate interest	67,360,000 *(Note 6)*	—	0.50%
Zhang Zhongmin (resigned on 15 July 2015)	Beneficial interest	—	10,000,000 *(Note 4)*	0.07%
Yang Lei (resigned on 15 July 2015)	Beneficial interest	—	10,000,000 *(Note 4)*	0.07%
Mao Dao (resigned on 7 December 2015)	Beneficial interest	29,368,000	—	0.22%

Notes:

1. Mr. Ho Wai Kong is interested in 641,672,725 shares under controlled corporation, of which 641,172,725 shares are held by Master Top Investments Limited, an associated corporation of the Company, and 500,000 shares are held by Similan Limited. Both companies are beneficially owned by Mr. Ho Wai Kong. Master Top Investments Limited is also entitled to a maximum of 4,284,725 convertible Preferred Shares.

2. Mr. Ho Wai Kong is the spouse of Ms. Guo Binni and is therefore deemed to be interested in 279,348,000 shares held by Ms. Guo Binni under the SFO.

3. These 60,000,000 shares are held by Samway International Enterprise Limited which is incorporated in British Virgin Islands with limited liability and wholly-owned by Mr. Zheng Jinwei.

4. These share options were granted by the Company under the New Scheme.

5. Mr. Chan Tze See, Kevin is the spouse of Ms. Lam Lai Chong and is therefore deemed to be interested in the 352,000 shares held by Ms. Lam Lai Chong under the SFO.

6. Mr. Yan Wei is interested in 67,360,000 shares under controlled corporation, Heng Xin Capital Limited.

Save as disclosed above, as at 31 December 2015, none of the Directors nor their associates had any interests or short positions in any 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 maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

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

As at 31 December 2015, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the Directors or chief executives of the Company, had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of Shareholders	Capacity	Number of share options interested	Number of Preferred Shares interested	Number of shares interested	Percentage of the issued share capital as at 31 December 2015
Guo Binni *(Note 1)*	Beneficial interest	—	—	279,348,000	2.10%
	Spousal interest	20,000,000	4,284,725	717,188,000	5.58%
Top Blast Limited ("Top Blast") *(Note 2)*	Beneficial interest	—	—	1,857,280,000	13.97%
China Public Procurement (Hong Kong) Technology Company Limited ("CPP (HK) Technology") *(Note 2)*	Corporate interest	—	—	1,857,280,000	13.97%
	Beneficial interest	—	—	11,200,000	0.08%
Guocai Science & Technology Company Limited ("Guocai Science") *(Note 2)*	Corporate interest	—	—	1,868,480,000	14.06%
Champion Union Investments Limited *(Note 3)*	Beneficial interest	—	—	1,539,708,000	11.58%
Fan Xiulian *(Note 4)*	Corporate interest	—	—	1,539,708,000	11.58%
First Profit Corporation Limited *(Note 5)*	Beneficial interest	—	—	1,000,000,000	7.52%
Innovation Assets Management Co., Ltd *(Note 5)*	Corporate interest	—	—	1,000,000,000	7.52%

Notes:

1. Ms. Guo Binni is the spouse of Mr. Ho Wai Kong and is therefore deemed to be interested in 641,672,725 shares under his controlled corporation, including 4,284,725 Preferred Shares. She is also deemed to be interested in 94,800,000 shares held by Mr. Ho Wai Kong, including 20,000,000 Share option granted under the New Scheme.

2. Top Blast is directly, wholly and beneficially owned by CPP (HK) Technology which is directly, wholly and beneficially owned by Guocai Science.

3. Champion Union Investments Limited directly, wholly and beneficially owns Metro Factor Limited, Haiwei International Group Limited and Weijia Limited, which are the Shareholders.

4. Ms. Fan Xiulian owns Champion Union Investments Limited, which directly, wholly and beneficially owns Metro Factor Limited, Haiwei International Group Limited and Weijia Limited.

5. First Profit Corporation Limited is directly, wholly and beneficially owned by Innovation Assets Management Co., Ltd.

Save as disclosed above, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 December 2015.

COMPETING INTERESTS

As at 31 December 2015, none of the Directors, the management Shareholders or substantial Shareholders or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for 51.5% of the total sales for the year, in which sales to the largest customer represented approximately 17.1% of the total sales for the year.

Purchases from the Group's five largest suppliers amounted to approximately 53.4% of the total purchases for the year while total purchases from the largest supplier represented approximately 17.1% of the total purchases for the year.

None of the Directors, their close associates or any substantial shareholder had an interest in the major suppliers or customers noted above.

MANAGEMENT CONTRACTS

Save as disclosed herein, no contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules for the year ended 31 December 2015 and up to the date of this report.

CONNECTED TRANSACTIONS

(1) On 10 December 2014, the Board announced that 國採（北京）技術有限公司 (Guocai (Beijing) Technology Company Limited*) (the "EJV"), 國採科技股份有限公司 (Guocai Science & Technology Company Limited*) (the "PRC Partner") and 浙江九好辦公服務集團有限公司 (Zhejiang Nine Top Office Services Group Company Limited*) ("Zhejiang Nine Top") entered into the exclusive services and cooperation agreement, pursuant to which the EJV and the PRC Partner agreed to grant the exclusive right (i) to cooperate with the entities controlled or partly owned by, or the cooperating institutions of, the EJV or the PRC Partner in the provision of the services relating to the procurement of office supplies and administrative and logistical support services, including but not limited to catering services, property-related services or gardening services on the electronic public procurement platform operated by the Group in cooperation with the PRC Partner; and (ii) to receive revenue from the provision of such services, to Zhejiang Nine Top at a consideration of RMB30 million.

On 28 August 2015, the Board announced that although the exclusive services and cooperation agreement had been entered into in December 2014, the said agreement had not been performed since its signing by the parties. In view of the prolonged lack of development of the said project and after discussion among the parties, among others, the Company, the EJV, the PRC Partner and Zhejiang Nine Top entered into a termination agreement (''Termination Agreement'') on 28 August 2015. Pursuant to the Termination Agreement, the parties agreed that, among other matters, (i) the framework agreement, the exclusive services and cooperation agreement and any other relevant documents (collectively, the ''Agreements'') in relation to the said project shall be terminated; (ii) the parties shall not be liable for any breach of contract resulting from the termination of the Agreements; and (iii) the parties shall no longer be required to fulfil their obligations that would otherwise have to be fulfilled under the Agreements.

The Board considered that the termination of the Agreements did not have any material adverse impact on the operations of the Group.

Details for the above transaction were published in the Company's announcements dated 10 December 2014 and 28 August 2015.

(2) On 22 January 2015, the Board announced that 公采網絡科技有限公司 (Gongcai Network Technology Company Limited*) (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the acquisition agreement with 國採科技股份有限公司 (Guocai Science & Technology Company Limited*) (the "Vendor"), pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to dispose of its entire equity interest in 國採（北京）科技發展有限公司 (Guocai (Beijing) Technology Development Company Limited*) at a consideration of RMB113 million (equivalent to approximately HK$140 million).

Pursuant to the acquisition agreement, in the event that the conditions to the acquisition are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 December 2015 (''Long Stop Date'') or such later date as the Vendor and the Purchaser may agree in writing, the acquisition agreement shall cease and determine and save and except antecedent breach thereof, neither the Vendor and the Purchaser shall have any obligations towards each other. As certain conditions to the acquisition had not been fulfilled and/or waived (as the case may be) as at 31 December 2015 and the Vendor and the Purchaser had not agreed on any extension of the Long Stop Date, the acquisition agreement lapsed on 1 January 2016.

The Board considered that the lapse of the acquisition agreement did not have any material impact on the business, operation and financial position of the Group.

Details for the above transaction were published in the Company's announcements dated 22 January 2015 and 1 January 2016.

* *The English translation is for identification purpose only*

MAJOR AND CONNECTED TRANSACTION

On 21 December 2015, the Board announced that Million Treasure Holdings Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the acquisition agreement (the "Acquisition Agreement") with Moonride Holdings Limited (the "Vendor") and the China Public Procurement (Hong Kong) Technology Company (the "Warrantor"), pursuant to which, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the 50,000 ordinary shares of nominal value US$1.00 each in the issued share capital of the Pioneer Spot Limited (the "Target Company", a company wholly-owned by the Vendor) (the "Sale Shares"), representing 100% of the issued share capital of the Target Company, at the consideration of HK$1,250,551,063, which shall be subject to adjustments in accordance with the terms of the acquisition agreement. The Consideration of HK$1,250,551,063 comprises: (a) the first consideration of HK$625,275,531.5 (which shall be satisfied by the Purchaser procuring the Company to (i) pay to the Vendor the deposit of HK$30,000,000 ("Deposit") by cashier's order within 30 business days after the date of the acquisition agreement; and (ii) allot and issue the first consideration shares at the issue price of HK$0.242 per Share to the Vendor) upon Completion; (b) the second consideration of HK$312,637,765.75 (which shall be satisfied by the Purchaser procuring the Company to allot and issue the second consideration shares and the first consideration convertible bonds with a principal amount of not exceeding HK$44,662,538); and (c) the third consideration of HK$312,637,765.75 (which shall be satisfied by the Purchaser procuring the Company to allot and issue the second consideration convertible bonds with a principal amount of not exceeding HK$312,637,765.75), subject to adjustments in accordance with the terms of the acquisition agreement. Each of the Vendor and the Warrantor is ultimately wholly-owned by 國採科技股份有限公司 (Guocai Science & Technology Company Limited*) ("PRC Partner"), which is a connected person of the Company under Rule 14A.07 of the Listing Rules as the PRC Partner is a substantial Shareholder. Accordingly, the acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The consideration shares and the conversion shares (upon exercise of the conversion rights attached to the convertible bonds) will be allotted and issued pursuant to the specific mandate to be sought from the independent Shareholders at a special general meeting of the Company to be convened and held (the "SGM").

In addition, PRC Partner, which holds approximately 14.07% of the total issued share capital of the Company as at the date of this report, and its associates are required to abstain from voting on the resolution(s) in respect of the acquisition agreement and transactions contemplated thereunder at the SGM.

On 3 February 2016, the Board announced that the Purchaser, the Vendor and the Warrantor entered into a supplemental agreement to the Acquisition Agreement and agreed that the Purchaser shall procure the Company to pay the Deposit, comprising (i) HKS14,000,000 to the Vendor by cashier's order or such other method(s) as agreed between the Vendor and the Purchaser within 30 Business Days after the date of the Acquisition Agreement; and (ii) HK$16,000,000 to the Vendor by cashier's order or such other method(s) as agreed between the Vendor and the Purchaser within 60 Business Days after the date of the Acquisition Agreement.

On 21 March 2016, the Board announced that, the Purchaser, the Vendor and the Warrantor entered into a second supplemental agreement to the Acquisition Agreement and agreed that Purchaser shall procure the Company to pay HK$16,000,000 of the Deposit to the Vendor by cashier order or such other method(s) as agreed between the Vendor and the Purchaser within 90 business days after the date of the Acquisition Agreement (i.e. 6 May 2016).

MAJOR TRANSACTION

On 31 March 2014, the Board announces that a memorandum of understanding was entered into between a wholly-owned subsidiary of the Company as purchaser and Glorious Assets Limited and Treasure Ace Holdings Limited as vendors in relation to the proposed acquisition of the entire issued share capital of Hero Circle Limited. Save for the clause on exclusivity, confidentiality, the term and the governing law of the memorandum of understanding, the memorandum of understanding was not legally binding on the parties thereto. After signing of the memorandum of understanding, the parties thereto shall enter into good faith negotiation for the formal legally-binding sale and purchase agreement relating to the proposed acquisition and other matters relating to the proposed acquisition, and the provisions of the memorandum of understanding shall form the basis for the preparation of the formal agreement.

On 19 May 2014, the Board announced that Ever Vigor Investments Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with the vendors, Glorious Assets Limited and Treasure Ace Holdings Limited, and the guarantors, Mr. Zhang Junwan and Mr. Jin Jingxuan, pursuant to which Ever Vigor Investments Limited conditionally agreed to purchase and the Glorious Assets Limited and Treasure Ace Holdings Limited conditionally agreed to sell the sale shares, which represent the entire issued share capital of Hero Circle Limited at the consideration of HK$266.7 million.

Pursuant to the acquisition agreement, the Company will issue the consideration shares and (where applicable) the preferred shares to Glorious Assets Limited and Treasure Ace Holdings Limited. The Company will seek the grant of a specific mandate from the Shareholders at the special general meeting to allot and issue the consideration shares and the conversion shares upon the conversion of the preferred shares in satisfaction of its obligation under the acquisition agreement.

If any of the conditions precedent for completion of the acquisition ("Closing Conditions") were not fulfilled pursuant to the acquisition agreement, completion conditional upon fulfillment of a number of conditions precedent (or, where applicable, waived by Ever Vigor Investments Limited) on or before 31 December 2014 ("Long Stop Date") (or such later date as Glorious Assets Limited and Treasure Ace Holdings Limited and the Ever Vigor Investments Limited may agree in writing), the acquisition agreement shall cease to have any effect and neither party shall have any obligations towards each other.

Additional time was required by the Group to conduct due diligence on the target group, including Hero Circle Limited, China Coal Technology Limited, a wholly-foreign owned enterprises in the PRC to be established by China Coal Technology Limited, 北京信達瑞博投資管理有限公司 (Beijing Shun Da Ruibo Investment Management Limited*) and 中煤遠大（北京）電子商務股份有限公司 (China Coal Yuanda (Beijing) e-commerce Co., Limited*). As such, on 31 December 2014, the Ever Vigor Investments Limited and Glorious Assets Limited and Treasure Ace Holdings Limited agreed in writing to extend the Long Stop Date to 30 June 2015 in accordance with the acquisition agreement. The Board considered that such extension of the Long Stop Date to 30 June 2015 was in the interest of the Company and the Shareholders as a whole. Save and except for the aforesaid extension of the Long Stop Date, all other terms of the acquisition agreement shall remain unchanged and in full force and effect.

In view of the current market conditions, the parties thereto considered it might not be in the best interest for them to proceed with the proposed acquisition. As such, on 3 February 2015 (after trading hours), the parties entered into an agreement to terminate the acquisition agreement with immediate effect, pursuant to which each of the parties thereto agreed to release and discharge each other from their respective obligations and liabilities as set out in the acquisition agreement.

The Board was of the view that the termination of the acquisition agreement would not have any material adverse impact on the business, operation and financial position of the Group.

Details for the above transaction were published in the Company's announcements dated 31 March 2014, 19 May 2014, 10 June 2014, 25 July 2014, 29 August 2014, 30 September 2014, 31 October 2014, 28 November 2014, 31 December 2014 and 3 February 2015.

* *The English translation is for identification purpose only*

DISCLOSEABLE TRANSACTION

On 5 June 2014, the Board announced that an agreement was entered into between Public Procurement Limited, an indirect wholly-owned subsidiary of the Company, 公采網絡科技有限公司 (Gongcai Network Technology Company Limited*) an indirect wholly-owned subsidiary of the Company, China Bulk Commodity Supplies Management Company Limited, Wuzhou Bulk Commodity Technology Company Limited* (五州大宗科技有限公司), a wholly-owned subsidiary of China Bulk Commodity Supplies Management Company Limited and Mr. Jin Jingxuan in relation to the development and implementation of a project relating to an electronic trading platform for transactions of bulk commodities for the global public procurement transaction centre in Guanggu Wuhan City, Wubei Province, the PRC ("Project"). Pursuant to the agreement, Public Procurement Limited shall advance HK$100 million to China Bulk Commodity Supplies Management Company Limited for the operation of the Project, and in return shall receive service fees to be paid by China Bulk Commodity

Supplies Management Company Limited and/or Wuzhou Bulk Commodity Technology Company Limited* to Public Procurement Limited (or a company nominated by Public Procurement Limited) based on the transaction volume under the Project arising from the bulk commodity transactions under the Project.

The advance of funds to the Project constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Details for the above transaction were published in the Company's announcement dated 5 June 2014.

As at the date of this report, the advance of funds is being arranged for settlement and such amount has been agreed to be returned.

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AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by SHINEWING (HK) CPA Limited ("SHINEWING").

SHINEWING will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

For and on behalf of the Board

Cheng Yuanzhong
Chairman

Hong Kong, 31 March 2016

The Company recognises that good corporate governance standards maintained throughout the Group serve as an effective risk management for the Company. The Board is committed to leading the Group growing in an efficient manner followed by corporate missions in terms of business strategies and improved operational planning and procedures which are enforced under high corporate governance standard. The Directors acknowledge their responsibility for preparing the Company's accounts.

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the corporate governance code (the "CG Code") as set out in Appendix 14 of the Listing Rules, which provides code provisions (the "Code Provision(s)") and recommended best practices for corporate governance practices by listed companies. The Company considered that its prevailing structures and systems satisfied the requirements of the Code Provisions. The Company will continuously enhance the corporate governance standards throughout the Group and ensure further standards to be put in place by reference to the recommended best practices whenever suitable and appropriate. The Company has complied throughout the year with the CG Code except for the code provision of E.1.2. Under the code provision E.1.2 in respect of the communication with Shareholders as absence of Chairman of the Board at the Company's annual general meeting on 29 May 2015 because the respective chairman had commitments on other business occasions on the same day. An Executive Director had chaired that annual general meeting and answered the questions from the Shareholders.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by Directors and relevant employees of the Group. All the Directors have confirmed that they have complied with the required standards set out in the Model Code. The Company has engaged external professional parties to review and update its code of conduct with a view to upholding the high standard of corporate governance of the Company.

BOARD OF DIRECTORS

Composition

For the year ended 31 December 2015 and as at the date of this report, the Board consists of 5 Executive Directors, 5 Non-executive Directors and 5 Independent Non-executive Directors:

Chairman

Mr. Cheng Yuanzhong, *B.Phil.*

Honorary Chairman

Mr. Ho Wai Kong

Executive Directors

Mr. Zheng Jinwei, *EMBA, BEng*	(appointed as Chief Executive on 15 July 2015)
Mr. Wong Wei Kit, *BA, CPA (Canada) CA* *(Chief Financial Officer)*	
Ms. He Qian, *EMBA, BAcc, CPA (PRC)*	(re-designated as Executive Director on 7 December 2015)
Mr. Yan Wei, *EMBA, LLB (Chief Executive)*	(resigned on 15 July 2015)
Mr. Zhang Zhongmin, *PDDip, DEng* *(Chief Operating Officer)*	(resigned on 15 July 2015)
Mr. Yang Lei, *DEng, MCS, BCS* *(Chief Technical Officer)*	(resigned on 15 July 2015)
Mr. Peng Zhiyong, *MBA, BEcon, CIA* *(Head of Internal Audit)*	(resigned on 15 July 2015)
Mr. Mao Dai, *EMBA*	(appointed on 15 July 2015 and resigned on 7 December 2015)

Non-executive Directors

Mr. Wang Ning, *BEcon*	
Mr. Chen Limin, *LLB*	(appointed on 15 July 2015)
Mr. Yue Yifeng, *BCS*	(appointed on 15 July 2015)
Ms. Liu Lizhen, *BEE*	(appointed on 15 July 2015)
Mr. Hu Wei, *BF, CPA (PRC)*	(appointed on 15 July 2015)

Independent Non-executive Directors

Mr. Wu Fred Fong, *MBA, CPA (Canada), CA*	
Mr. Chan Tze See, Kevin, *MBA, BSc*	
Mr. Shen Shaoji, *BEcon*	
Mr. Deng Xiang, *BSc, BEcon, CPA (PRC)*	
Ms. Wong Yan Ki, Angel, *MBA, BA*	(appointed on 7 December 2015)

Attendance of the Directors at the Board and general meetings

For the year ended 31 December 2015, 32 Board meetings and 1 general meeting have been held. Details of the attendance of the Directors are as follows:

Board members	Number of meetings attended/ Number of meetings held Board meetings	General meeting
Executive Directors		
Mr. Cheng Yuanzhong	20/32	0/1
Mr. Ho Wai Kong	32/32	1/1
Mr. Wong Wei Kit	29/32	1/1
Mr. Zheng Jinwei (appointed as Chief Executive on 15 July 2015)	28/32	1/1
Ms. He Qian (re-designated as Executive Director on 7 December 2015)	12/31	0/1
Mr. Yan Wei (resigned on 15 July 2015)	2/17	0/1
Mr. Zhang Zhongmin (resigned on 15 July 2015)	12/17	0/1
Mr. Yang Lei (resigned on 15 July 2015)	12/17	0/1
Mr. Peng Zhiyong (resigned on 15 July 2015)	16/17	1/1
Mr. Mao Dai (appointed on 15 July 2015 and resigned on 7 December 2015)	1/12	N/A
Non-executive Directors		
Mr. Wang Ning	19/32	1/1
Mr. Chen Limin (appointed on 15 July 2015)	3/15	NA
Mr. Yue Yifeng (appointed on 15 July 2015)	10/15	NA
Ms. Liu Lizhen (appointed on 15 July 2015)	14/15	NA
Mr. Hu Wei (appointed on 15 July 2015)	12/15	NA
Independent Non-executive Directors		
Mr. Wu Fred Fong	29/32	1/1
Mr. Chan Tze See, Kevin	27/32	0/1
Mr. Shen Shaoji	19/32	0/1
Mr. Deng Xiang	26/32	1/1
Ms. Wong Yan Ki, Angel (appointed on 7 December 2015)	2/3	N/A

Responsibilities of the Board and management

The Board reviews and approves corporate matters such as business strategies and investments, mergers and acquisitions, as well as the general administrative and management of the Group. The Board has overall responsibility in monitoring the process of corporate reporting and control system throughout the Group. The corporate reporting standards are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, SFO and other applicable regulations are delegated to the company secretarial department. The management of the Company reviews and briefs the reporting systems with the Executive Directors regularly and the Audit Committee and the Remuneration Committee annually.

Save as disclosed in the section of "BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT", there is no financial, business, family or other material/relevant relationship between the chairman and the chief executive and among the members of the Board.

Directors' training

According to the Code Provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors.

For the year ended 31 December 2015 and as at the date of this report, the Company has arranged to provide all Directors with the professional training namely "Guidelines on Disclosure of Insider Information" and "Internal Control and Consultation Conclusion" organized by the Hong Kong Institute of Directors to update their knowledge of the changes on the relevant Listing Rules and SFO. The Company has received from each of the Directors the confirmations on taking continuous professional training.

CHAIRMAN AND CHIEF EXECUTIVE

According to code A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

As at the date of this report, the roles of the chairman and the chief executive were separate. The current chairman is jointly performed by Mr. Cheng Yuanzhong and Mr. Ho Wai Kong who is the honorary chairman. The role of the chief executive was performed by Mr. Yan Wei until 15 July 2015 and is now performed by Mr. Zheng Jinwei, who was appointed on 15 July 2015.

NON-EXECUTIVE DIRECTORS

Except Mr. Chen Limin, Mr. Yue Yifeng, Ms. Liu Lizhen, Mr. Hu Wei and Ms. Wong Yan Ki, Angel entered with the Company for an one-year term of office respectively, the term of office of Non-executive Directors (including Independent Non-executive Directors) is 3 years and subject to retirement by rotation in accordance with the Bye-laws.

BOARD COMMITTEES

There are three committees established under the Board, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Role and function

The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants, and have been updated on terms no less exacting those set out in the Code Provisions. Audit Committee must meet, at least twice a year, with the Company's auditor.

The functions of the Audit Committee include but not limited to the following:

- Considering and reviewing the appointment, resignation and removal of external auditor and their fees;
- Reviewing the interim and annual results of the Group;
- Discussing with the external auditor problems and issues of significance during the annual audit of the Group; and
- Overseeing the financial reporting system, risk management and internal control systems of the Company.

Composition

As at the date of this report, the Audit Committee comprises three members as follows:

Mr. Wu Fred Fong *(Chairman)*
Mr. Chan Tze See, Kevin
Mr. Deng Xiang

All three members are Independent Non-executive Directors, two of whom possess recognised professional qualification in accounting and have proven experience in audit and accounting.

Attendance record

For the year ended 31 December 2015, 2 Audit Committee meetings have been held. Details of the attendance of the Audit Committee members are as follows:

Audit Committee members	**Number of meetings attended/ Number of meetings held**
Mr. Wu Fred Fong *(Chairman)*	2/2
Mr. Chan Tze See, Kevin	2/2
Mr. Deng Xiang	2/2

Summary of the work

The work done by the Audit Committee for the year ended 31 December 2015 included:

- Reviewed the 2015 interim results and 2014 annual results of the Group;
- Discussed with the management of the Company over the completeness, fairness, adequacy and compliance of accounting standards and policies of the Group in the preparation of the 2015 interim and 2014 annual financial statements;
- Reviewed and discussed with the external auditors over the financial reporting of the Company; and
- Reviewed adequacy and effectiveness of internal control system maintained within the Group.

Each Audit Committee meeting was supplied with the necessary financial information of the Group for the Audit Committee members to consider, review and assess matters of significance arising from the work conducted.

The audited consolidated financial statements for the year ended 31 December 2015 have been reviewed by the Audit Committee.

Remuneration Committee

Role and function

The terms of reference of the Remuneration Committee follow the Code Provisions. The Remuneration Committee shall meet at least once a year.

The functions of the Remuneration Committee include but not limited to the following:

- Establishing and applying a formal and transparent procedure for setting policy on remuneration for executive Directors and senior management;
- Fixing the remuneration packages for all Directors and senior management; and
- Ensuring levels of remuneration of Directors commensurate with their qualifications and competencies, and that such remuneration is sufficient to attract and retain Directors and senior management.

Composition

As at the date of this report, the Remuneration Committee comprises three members as follows:

Mr. Wu Fred Fong *(Chairman)*
Mr. Chan Tze See, Kevin
Mr. Shen Shaoji (appointed on 13 January 2015)

Attendance record

For the year ended 31 December 2015, 8 Remuneration Committee meetings have been held. Details of the attendance of the Remuneration Committee members are as follows:

Remuneration Committee members	**Number of meetings attended/ Number of meetings held**
Mr. Wu Fred Fong *(Chairman)*	7/8
Mr. Chan Tze See, Kevin	8/8
Mr. Shen Shaoji (appointed as the member on 13 January 2015)	7/7

Summary of the work

The work done by the Remuneration Committee for the year ended 31 December 2015 included:

- Reviewed and approved the current remuneration policy and structure for all Directors' and senior management remuneration by reference to the prevailing rate with companies listed on the Main Board of the Stock Exchange in Hong Kong;
- Reviewed the remuneration package of the Executive Directors, Non-executive Directors and senior management;
- Made recommendations of the above remuneration policy and remuneration packages to the Board; and
- Approved the terms of Executive Directors' service contracts.

The Remuneration Committee meetings were supplied with the necessary information on specific remuneration package of Directors and senior management of the Group for the members to consider, review and make recommendation to the Board on the remuneration policy.

The number of senior management of the Group whose remuneration for the year ended 31 December 2015 fell within the following band is as follows:

	Number of senior management
Nil to HK$1,000,000	12

Nomination Committee

Role and function

The Nomination Committee was established on 29 March 2012. The terms of reference of the Nomination Committee follow the Code Provisions. The Nomination Committee shall meet at least once a year.

The functions of the Nomination Committee include but not limited to the following:

- Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually;
- Identifying and nominating for the approval of the Board candidates to fill Board vacancies; and
- Identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships.

Board Diversity Policy

The Nomination Committee adopted the board diversity policy on 2 July 2013. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Composition

As at the date of this report, the Nomination Committee comprises five members as follows:

Mr. Cheng Yuanzhong *(Chairman)*
Mr. Ho Wai Kong
Mr. Wu Fred Fong
Mr. Chan Tze See, Kevin
Mr. Shen Shaoji

Mr. Cheng Yuanzhong and Mr. Ho Wai Kong are Executive Directors whereas Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin and Mr. Shen Shaoji are Independent Non-executive Directors.

Attendance record

For the year ended 31 December 2015, 6 Nomination Committee meetings have been held. Details of the attendance of the Nomination Committee members are as follows:

Nomination Committee members	Number of meetings attended/ Number of meetings held
Mr. Cheng Yuanzhong *(Chairman)*	3/6
Mr. Ho Wai Kong	6/6
Mr. Wu Fred Fong	5/6
Mr. Chan Tze See, Kevin	6/6
Mr. Shen Shaoji (appointed as the member on 31 March 2015)	4/4

Summary of the work

The work done by the Nomination Committee for the year ended 31 December 2015 included:

- Reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board; and

- Identified individuals suitably qualified to become Board members and made recommendations to the Board on the selection of individuals nominated for directorships.

Corporate Governance Functions

Role and function

The Board is responsible for performing corporate governance functions (the "Corporate Governance Functions"). The terms of reference of Corporate Governance Functions pursuant to the Board resolution of the Company was passed on 29 March 2012. The Board shall hold Corporate Governance Functions meeting at least once a year.

The Corporate Governance Functions include but not limited to the following:

- Developing and reviewing the policies and practices of the Group on corporate governance and compliance with legal and regulatory requirements and making recommendations; and

- Reviewing and monitoring the training and continuous professional development of directors and senior management.

Summary of the work

The work done by the Corporate Governance Functions for the year ended 31 December 2015 included:

- Developed and reviewed the policies and practices of the Group on corporate governance and compliance with legal and regulatory requirements and made recommendations;

- Reviewed and monitored the training and continuous professional development of directors and senior management; and

- Reviewed the Group's compliance with the CG Code and disclosure in the "Corporate Governance Report" of the Company.

AUDITOR'S REMUNERATION

Remuneration paid to the Group's external auditor for annual audit services and services other than annual audit provided for the year ended 31 December 2015 was HK$2,300,000 and HK$1,180,000 respectively.

Financial reporting

The Directors acknowledged that they are responsible for the preparation of the consolidated financial statements for the accounting period that are truly and fairly reflect the business, property and cash flows of the Company for that year.

The statement of the auditor regarding their reporting responsibility for the consolidated financial statements is set out in the Independent Auditor's Report on pages 51 to 52.

COMPANY SECRETARY

For the year ended 31 December 2015, Ms. Ma Wai Sze, Aceya is the Company Secretary. She took no less than 15 hours of relevant professional training pursuant to rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an special general meeting

Pursuant to Bye-law 58 of the Bye-laws, members 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 special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy on 29 March 2012. Under the Shareholders' communication policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's and the Stock Exchange's websites.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for a requisition for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition.

INVESTOR RELATIONS

To foster effective communications, the Company provided all necessary information to the Shareholders in its annual report and interim report. The Directors host the annual general meeting each year to meet the Shareholders and answer to their enquiries. The Directors make efforts to attend the annual general meeting so that they may answer any questions from the Shareholders.

The Directors, the Company Secretary or other appropriate members of senior management of the Company will also respond to inquiries from Shareholders and investors promptly.

For the year ended 31 December 2015, these were no amendments to the existing Memorandum of Association and Bye-laws.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Board complied with the code provisions on risk management and internal control as set out in the CG Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A review was conducted during the year on the Company's and its subsidiaries risk management and internal control systems. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CHINA PUBLIC PROCUREMENT LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Public Procurement Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 143, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 qualified opinion.

BASIS FOR QUALIFIED OPINION

Limitation of scope on the impairment assessment of trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries

As at 31 December 2015, the Group had trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries of approximately HK$159,637,000, HK$100,534,000 and HK$66,942,000, respectively. We were not provided with sufficient appropriate audit evidence we considered necessary to assess whether the carrying amounts of the trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries of approximately HK$103,888,000, HK$100,534,000 and HK$66,942,000 could be recovered in full.

There were no practical alternative audit procedures that we could perform to satisfy ourselves that the carrying amount of the Group's trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries and the relevant provision for impairment losses were fairly stated as at 31 December 2015. Any adjustment found to be necessary to the carrying amount of the above balances as at 31 December 2015 would affect the Group's net assets as at 31 December 2015 and the Group's loss for the year then ended and the related note disclosures to the consolidated financial statements.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph above, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
31 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	8	2,516,060	1,223,077
Cost of sales		(2,506,197)	(1,217,523)
Gross profit		9,863	5,554
Other income and gains	9	22,499	18,589
Change in fair value of investment properties	19	—	6,549
Impairment loss recognised in respect of goodwill	20	(935,361)	(400,500)
Impairment loss recognised in respect of intangible assets	21	(58,478)	—
Impairment loss recognised in respect of property, plant and equipment	17	(2,313)	—
Impairment of trade and other receivables	24	(2,384)	(131,723)
Gain on disposal of a subsidiary	35	—	3,120
Administrative expenses		(115,644)	(162,232)
Finance costs	10	(1,992)	(2,375)
Loss before tax		(1,083,810)	(663,018)
Income tax credit (expenses)	11	2,349	(5,164)
Loss for the year	12	(1,081,461)	(668,182)
Loss for the year attributable to:			
Owners of the Company		(1,073,902)	(665,164)
Non-controlling interests		(7,559)	(3,018)
		(1,081,461)	(668,182)
Loss per share			
— Basic and diluted	16	(HK8.39) cents	(HK5.67) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	2015	2014
	HK$'000	HK$'000
Loss for the year	(1,081,461)	(668,182)
Other comprehensive expenses		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(75,577)	(26,368)
Reclassification adjustments for the cumulative exchange gains upon disposal of a foreign subsidiary	—	(663)
	(75,577)	(27,031)
Items that may not be reclassified subsequently to profit or loss:		
Changes in fair value of properties transferred to investment properties	5,478	—
Income tax relating to changes in fair value	(1,986)	—
	3,492	—
Total comprehensive expenses for the year	(1,153,546)	(695,213)
Total comprehensive expenses attributable to:		
Owners of the Company	(1,145,305)	(692,029)
Non-controlling interests	(8,241)	(3,184)
	(1,153,546)	(695,213)

Consolidated Statement of Financial Position

As at 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	17	13,101	25,422
Prepaid lease payments	18	4,727	14,252
Investment properties	19	236,288	229,673
Goodwill	20	—	987,531
Intangible assets	21	49,155	118,187
Interest in an associate	22	1,307	1,307
Prepayment	23	—	6,051
Deposit paid for potential acquisition of a subsidiary	40	—	19,000
Deferred tax assets	31	866	915
		305,444	1,402,338
Current assets			
Trade and other receivables	24	159,637	176,701
Loan receivables	25	100,534	104,484
Prepaid lease payments	18	95	301
Amount due from a director	40	1,000	—
Amounts due from a substantial shareholder and its subsidiaries	40	66,942	39,712
Pledged bank deposit	26	11,917	—
Bank balances and cash	27	51,529	19,926
		391,654	341,124
Current liabilities			
Trade and other payables	28	41,008	168,909
Amounts due to a substantial shareholder and its subsidiaries	40	9,606	19,912
Tax payable		42,921	50,185
Bank and other borrowings	29	35,792	—
		129,327	239,006
Net current assets		262,327	102,118
Total assets less current liabilities		567,771	1,504,456

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred income	30	17,713	18,637
Deferred tax liabilities	31	32,064	35,723
		49,777	54,360
		517,994	1,450,096
Capital and reserves			
Share capital	32	132,880	120,837
Convertible preference shares	33	43	589
Reserves		384,245	1,318,429
Equity attributable to owners of the Company		517,168	1,439,855
Non-controlling interests		826	10,241
		517,994	1,450,096

The consolidated financial statements on pages 53 to 143 were approved and authorised for issue by the Board of Directors on 31 March 2016 and are signed on its behalf by:

Director _Director_

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital	Preference share capital	Share premium	Merger reserve	Share-based compensation reserve	Statutory reserve	Translation Reserve	Revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (note i)	HK$'000	HK$'000 (note ii)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014	112,913	789	6,663,376	8,390	51,755	15,365	263,263	—	(5,278,969)	1,836,882	13,425	1,850,307
Loss for the year	—	—	—	—	—	—	—	—	(665,164)	(665,164)	(3,018)	(668,182)
Other comprehensive expenses for the year:												
Disposal of a subsidiary (note 35)	—	—	—	—	—	—	(663)	—	—	(663)	—	(663)
Exchange differences arising on translation	—	—	—	—	—	—	(26,202)	—	—	(26,202)	(166)	(26,368)
Total comprehensive expenses for the year	—	—	—	—	—	—	(26,865)	—	(665,164)	(692,029)	(3,184)	(695,213)
Issue of shares, net of direct issue costs	7,724	—	260,790	—	—	—	—	—	—	268,514	—	268,514
Conversion of preference shares	200	(200)	—	—	—	—	—	—	—	—	—	—
Transfers to statutory reserve	—	—	—	—	—	234	—	—	(234)	—	—	—
Share options granted	—	—	—	—	26,488	—	—	—	—	26,488	—	26,488
Share options lapsed	—	—	—	—	(2,221)	—	—	—	2,221	—	—	—
At 31 December 2014	120,837	589	6,924,166	8,390	76,022	15,599	236,398	—	(5,942,146)	1,439,855	10,241	1,450,096

	Share capital	Preference share capital	Share premium	Merger reserve	Share-based compensation reserve	Statutory reserve	Translation reserve	Revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (note i)	HK$'000	HK$'000 (note ii)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2015	120,837	589	6,924,166	8,390	76,022	15,599	236,398	—	(5,942,146)	1,439,855	10,241	1,450,096
Loss for the year	—	—	—	—	—	—	—	—	(1,073,902)	(1,073,902)	(7,559)	(1,081,461)
Other comprehensive expenses for the year:												
Exchange differences arising on translation	—	—	—	—	—	—	(74,895)	—	—	(74,895)	(682)	(75,577)
Changes in fair value of properties transferred to investment properties	—	—	—	—	—	—	—	5,478	—	5,478	—	5,478
Income tax relating to changes in fair value	—	—	—	—	—	—	—	(1,986)	—	(1,986)	—	(1,986)
Total comprehensive expenses for the year	—	—	—	—	—	—	(74,895)	3,492	(1,073,902)	(1,145,305)	(8,241)	(1,153,546)
Issue of shares, net of direct issue costs	10,000	—	151,500	—	—	—	—	—	—	161,500	—	161,500
Capitalisation of other payable (note 39)	1,497	—	19,608	—	—	—	—	—	—	21,105	—	21,105
Conversion of preference shares	546	(546)	—	—	—	—	—	—	—	—	—	—
Transfers to statutory reserve	—	—	—	—	—	39	—	—	(39)	—	—	—
Share options granted	—	—	—	—	40,013	—	—	—	—	40,013	—	40,013
Share options lapsed	—	—	—	—	(27,539)	—	—	—	27,539	—	—	—
Dividend to non-controlling interest	—	—	—	—	—	—	—	—	—	—	(1,174)	(1,174)
At 31 December 2015	132,880	43	7,095,274	8,390	88,496	15,638	161,503	3,492	(6,988,548)	517,168	826	517,994

Note i: The merger reserve of the Group represents the difference between the aggregate of the nominal value of the ordinary shares of the subsidiaries acquired and the nominal value of the ordinary shares of the Company issued pursuant to the Group reorganisation.

Note ii: In accordance with the People's Republic of China (the "PRC") Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015	2014
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Loss before tax	(1,083,810)	(663,018)
Adjustments for:		
Equity-settled share-based payment expenses	8,131	26,488
Impairment loss recognised in respect of goodwill	935,361	400,500
Impairment loss recognised in respect of intangible assets	58,478	—
Impairment loss recognised in respect of property, plant and equipment	2,313	—
Depreciation of property, plant and equipment	4,669	7,846
Amortisation of intangible assets	4,999	4,979
Amortisation of prepaid lease payments	100	309
Impairment of trade and other receivables	2,384	131,723
Gain in fair value changes of investment properties	—	(6,549)
Gain on disposal of a subsidiary	—	(3,120)
Gain on disposal of property, plant and equipment	(380)	—
Gain on settlement of other payable	(2,095)	—
Government grant	(7,295)	(394)
Compensation income	—	(13,480)
Investment income	(924)	—
Written off of prepayment	5,976	—
Finance costs	1,992	2,375
Interest income	(179)	(77)
Operating cash flows before movements in working capital	(70,280)	(112,418)
Decrease (increase) in trade and other receivables	38,567	(140,544)
(Decrease) increase in trade and other payables	(96,674)	110,228
Increase in amount due from subsidiaries of a substantial shareholder	(3,164)	—
Increase (decrease) in amount due to a substantial shareholder	583	(3,404)
Cash used in operations	(130,968)	(146,138)
Tax refunded	—	2,625
Taxes paid	(5,316)	(1,244)
NET CASH USED IN OPERATING ACTIVITIES	(136,284)	(144,757)

	2015	2014
	HK$'000	HK$'000
INVESTING ACTIVITIES		
(Advance to) repayment from a substantial shareholder and its subsidiaries	(7,317)	479
Purchase of properties	—	(6,521)
Purchase of intangible assets	(725)	(3,930)
Purchase of property, plant and equipment other than buildings	(496)	(1,289)
Loan advances made	(534)	(104,484)
Disposal of a subsidiary	—	(128)
Proceed from disposal of property, plant and equipment	380	—
Loan advances repaid	4,452	—
Advance to a director	(1,000)	—
Placement of pledged bank deposit	(11,917)	—
Investment income received	924	—
Interest received	179	77
NET CASH USED IN INVESTING ACTIVITIES	(16,054)	(115,796)
FINANCING ACTIVITIES		
Bank and other borrowings raised	35,792	—
Government grant received	7,469	1,591
Proceeds from issue of shares	170,500	269,387
Transaction cost for issue of shares	(9,000)	(873)
Repayment to a substantial shareholder and its subsidiaries	(11,342)	—
Advance from a substantial shareholder and its subsidiaries	1,653	3,529
Dividend paid to non-controlling interest	(1,174)	—
Interest paid	(1,992)	(2,375)
Repayment of bank borrowings	—	(64,835)
NET CASH FROM FINANCING ACTIVITIES	191,906	206,424
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,568	(54,129)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	19,926	75,076
Effect of foreign exchange rate changes	(7,965)	(1,021)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	51,529	19,926

1. GENERAL

China Public Procurement Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 41.

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

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

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

Annual Improvements to HKFRSs 2010–2012 Cycle (Continued)

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to HKFRSs 2010-2012 Cycle has had no material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

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

Annual Improvements to HKFRSs 2011–2013 Cycle (Continued)

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011–2013 Cycle has had no material impact on the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective date not yet been determined.

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

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

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), 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.

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

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

HKFRS 9 (2014) Financial Instruments (Continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) 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 the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

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

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

HKFRS 9 (2014) Financial Instruments (Continued)

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a more detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

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

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

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 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012–2014 Cycle will have a material effect on the Group's consolidated financial statements.

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

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

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

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

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

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment and intangible assets with definite lives, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

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

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of amendments to HKFRS 10 and HKAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

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

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

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

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Company obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss 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 of subsidiaries 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate 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 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate 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 interest 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 of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate venture that are not related to the Group.

Intangible assets

Intangible assets acquired separately

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

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

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains 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.

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

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

Fair value measurement

When measuring fair value, except for the Group's share-based payment transactions, and value in use of certain property, plant and equipment, intangible assets and goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administration purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an item of property, plant and equipment becomes an investment property when there is a change in use, as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in properties revaluation reserve. The properties revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into 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.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit paid for potential acquisition of a subsidiary, trade and other receivables, loan receivables, amounts due from a director and a substantial shareholder and its subsidiaries, pledged bank deposit, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets 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 financial assets have been affected.

Objective evidence of impairment could include:

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

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

For financial assets carried at amortised cost, the amount of the impairment 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 trade and other receivables and loan receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities and equity instruments

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

Equity instruments

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

Convertible preference shares

Convertible preference shares are classified as equity if it is non-redeemable and any dividends are discretionary.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to a substantial shareholder and its subsidiaries, and bank and other borrowings 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method (Continued)

Interest expense is recognised on an effective interest basis.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalent consist of cash and short-term deposits as defined above.

Revenue recognition

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

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when the service has been rendered.

Rental income under operating leases of buildings is recognised on a straight-line basis over the lease term.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants (Continued)

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships 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.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and mandatory provident fund schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 an associate 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the 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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities for such investment property are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the property will be recovered).

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, tax effect is included in the accounting for the business combination.

Share-based payment transactions

Equity settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based compensation reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Equity settled share-based payment transactions (Continued)

Share options granted to other parties

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share-based compensation reserve), when the counterparties render services, unless the services qualify for recognition as assets.

4. CRITICAL ACCOUNTING JUDGMENT

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

The estimates and underlying assumptions (further details are set out in note 5) 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.

The following is the critical judgment, apart from those involving estimations (see note 5), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in consolidated financial statements.

Useful lives of intangible assets

The Group's acquired software technology knowhow, online platform promotion right, and online platform development and technical support right are classified as an indefinite-lived intangible assets in accordance with HKAS 38 "Intangible Assets". This conclusion is supported by the fact that there were no specific terms for the rights and the directors of the Company expected that the business underlying the rights can be operated perpetually. Under HKAS 38, the Group re-evaluates the useful lives of the software technology knowhow at the end of each reporting period to determine whether events and circumstances continue to support the view of indefinite useful life for the assets. At 31 December 2015, the carrying amount of software technology knowhow, online platform promotion right, and online platform development and technical support right of the Group are approximately HK$47,380,000, nil and nil (2014: HK$81,649,000, HK$10,086,000 and HK$8,826,000) respectively.

4. CRITICAL ACCOUNTING JUDGMENT (Continued)

Deferred tax on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in the PRC are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in the PRC, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group recognised deferred tax on changes in fair value of investment properties based on the tax exposure on disposal of its investment properties.

At 31 December 2015, the carrying amount of deferred tax in respect of investment properties of the Group is approximately HK$32,064,000 (2014: HK$31,799,000). Details of deferred tax on investment properties are set out in note 31.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual value of property, plant and equipment

The Group's management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated. The carrying amount of property, plant and equipment as at 31 December 2015 is approximately HK$13,101,000 (2014: HK$25,422,000).

Estimated impairment on goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the future cash flows are less than expected, a material impairment loss may arise. At 31 December 2015, the carrying amount of goodwill is nil, (2014: approximately HK$987,531,000) net of accumulated impairment of approximately HK$6,581,367,000 (2014: HK$5,960,906,000). Details of impairment testing on goodwill are set out in note 20.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment on intangible assets

Determining whether intangible assets are impaired requires an estimation of the value-in-use of the intangible assets. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. Where the future cash flows are less than expected, a material impairment loss may arise. At 31 December 2015, the carrying amount of intangible assets of the Group is approximately HK$49,155,000 (2014: HK$118,187,000), net of accumulated impairment loss of approximately HK$61,130,000 (2014: HK$2,652,000). Details of impairment testing on intangible assets are set out in note 21.

Estimated impairment on trade and other receivables, loan receivables, amounts due from a director and a substantial shareholder and its subsidiaries

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, loan receivables and amounts due from a director, a substantial shareholder and its subsidiaries, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. At 31 December 2015, the carrying amounts of trade and other receivables, loan receivables and amounts due from a director and a substantial shareholder and its subsidiaries are approximately HK$159,637,000 (2014: HK$176,701,000), HK$100,534,000 (2014: HK$104,484,000), HK$1,000,000 (2014: nil) and HK$66,942,000 (2014: HK$39,712,000) (net of accumulated impairment of HK$128,153,000 (2014: HK$131,723,000), nil (2014: nil), nil (2014: nil) and nil (2014: nil)) respectively.

Estimated fair value of investment properties

The Group's investment properties were carried in the consolidated statement of financial position at its fair value of approximately HK$236,288,000 (2014: HK$229,673,000). The fair value was based on valuation of these properties conducted by an independent firm of professional valuers using direct market comparison approach which involve certain assumption of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Equity settled share-based payments

The Group measures the costs of equity-settled transactions with its directors, employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the options, volatility and dividend yield and making assumptions about them. The assumptions and models used for the estimation of the fair value for share-based payments are disclosed in note 34. At 31 December 2015, the balance of share-based compensation reserve of the Group is approximately HK$88,496,000 (2014: HK$76,022,000).

6. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt which includes bank and other borrowings disclosed in note 29, amounts due to a substantial shareholder and its subsidiaries disclosed in note 40, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and risks associated thereto. The Group will balance its overall capital structure through the payment of dividends, new share issues and the issue or redemption of borrowings.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015	2014
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	267,462	209,289
Financial liabilities		
Amortised cost	85,723	80,543

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, pledged bank deposit, bank balances and cash, trade and other payables, amounts due from (to) a director and a substantial shareholder and its subsidiaries, bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

Market risk

Currency risk

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group did not have material transactional currency exposures as most of its income and expenses are denominated in functional currency of the respective group entity recording the income/expenses.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's material monetary assets and monetary liabilities at the end of the reporting period that are denominated in currencies other than the functional currency of the respective entity are as follows:

	Assets	
	2015	**2014**
	HK$'000	**HK$'000**
HK$	2,093	1,927
Renminbi ("RMB")	8,475	13,483

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) change in respective functional currencies against the relevant foreign currencies. 5% (2014: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates. A negative number below indicates an increase (2014: increase) in loss after tax for the year where respective functional currencies strengthen 5% (2014: 5%) against the relevant currencies. For a 5% (2014: 5%) weakening of respective functional currencies against the relevant currencies, there would be an equal but opposite impact on the loss for the year and the balances below would be positive.

	2015	**2014**
	HK$'000	**HK$'000**
HK$	(78)	(72)
RMB	(354)	(563)

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowing (note 29). The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (note 27) and bank borrowing (note 29). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. During the year ended 31 December 2015, a 100 basis point (2014: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis point (2014: 100 basis point) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2015 would decrease/increase by approximately HK$385,000 (2014: HK$154,000).

Credit risk

At the end of the reporting period, 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 is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The directors of the Company consider that the credit risk associated with loan receivables and amounts due from a director, a substantial shareholder and its subsidiaries are under control since the directors of the Company have exercised due care in granting credit and check the financial position of the debtors on a regular basis.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's concentration of credit risk by geographical locations is mainly in the PRC (2014: PRC), which accounted for 100% (2014: 100%) of the total trade receivable as at 31 December 2015. The Group has concentration of credit risk as 76% (2014: 26%) and 59% (2014: 64%) of the total trade receivables and other receivables was due from the Group's largest debtor of the respective category.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings and other source of fundings and considers the risk is minimal. The Group relies on bank and other borrowings as a significant source of liquidity. As at the date of these financial statements, the Group had available unutilised banking facilities of HK$107,469,000 (2014: nil) expiring after 31 December 2016.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Less than 1 year	Total undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000
2015			
Trade and other payables	40,325	40,325	40,325
Amounts due to a substantial shareholder and its subsidiaries	9,606	9,606	9,606
Bank and other borrowings	36,846	36,846	35,792
	86,777	86,777	85,723
2014			
Trade and other payables	60,631	60,631	60,631
Amounts due to a substantial shareholder and its subsidiaries	19,912	19,912	19,912
	80,543	80,543	80,543

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

7. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value of financial instruments

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

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

8. REVENUE AND SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and performance assessment are as follows:

(1) Public procurement segment engages in the provision of public procurement services;

(2) Trading business segment engages in trading of different products;

(3) Provision of corporate IT solution segment engages in the development of software and provision of maintenance services to the customers; and

(4) EMC segment engages in the provision of energy management services.

The chief operating decision maker assesses the performance of the operating segments based on types of goods delivered or services provided.

8. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

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

For the year ended 31 December 2015

	Public procurement	Trading business	Provision of corporate IT solution	EMC	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
SEGMENT REVENUE						
External sales	9,700	2,493,334	13,026	—	—	2,516,060
Inter-segment sales	752	—	981	—	(1,733)	—
	10,452	2,493,334	14,007	—	(1,733)	2,516,060
Contribution to segment profit	5,075	2,747	2,041	—		9,863
Amortisation of deferred income	6,984	—	—	—		6,984
Impairment loss on goodwill	(935,361)	—	—	—		(935,361)
Impairment loss on intangible assets	(48,191)	—	(10,287)	—		(58,478)
Impairment loss on property, plant and equipment	(2,313)	—	—	—		(2,313)
Written off of prepayment	—	—	—	(5,976)		(5,976)
Impairment of trade receivable	—	—	(1,201)	—		(1,201)
Segment (loss) profit	(973,806)	2,747	(9,447)	(5,976)		(986,482)
Unallocated income and gains						15,515
Unallocated expenses						(109,668)
Impairment of other receivable						(1,183)
Finance costs						(1,992)
Consolidated loss before tax						(1,083,810)

8. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

For the year ended 31 December 2014

	Public procurement	Trading business	Provision of corporate IT solution	EMC	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
SEGMENT REVENUE						
External sales	6,370	1,207,176	9,531	—	—	1,223,077
Inter-segment sales	—	—	1,586	—	(1,586)	—
	6,370	1,207,176	11,117	—	(1,586)	1,223,077
Contribution to segment profit	1,757	2,279	1,518	—		5,554
Impairment loss on goodwill	(400,500)	—	—	—		(400,500)
Impairment loss on other receivable	—	—	—	(43,432)		(43,432)
Segment (loss) profit	(398,743)	2,279	1,518	(43,432)		(438,378)
Change in fair value of investment properties						6,549
Impairment of other receivable						(88,291)
Unallocated income and gains						18,589
Unallocated expenses						(162,232)
Gain on disposal of a subsidiary						3,120
Finance costs						(2,375)
Consolidated loss before tax						(663,018)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned (loss incurred) by each segment without allocation of central administration costs, directors' emoluments, other income and gains, gain on disposal of a subsidiary, change in fair value of investment properties, impairment of other receivables and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

8. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

An analysis of the Group's revenue for the year is as follows:

	2015	2014
	HK$'000	HK$'000
Rendering of services	22,726	15,901
Sales of goods	2,493,334	1,207,176
	2,516,060	1,223,077

(b) Segment assets and liabilities

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

Segment assets

	At 31 December	
	2015	2014
	HK$'000	HK$'000
Public procurement	56,511	1,090,025
Trading business	92,090	144,839
Provision of corporate IT solution	5,742	22,092
EMC	—	6,051
Total segment assets	154,343	1,263,007
Unallocated corporate assets	542,755	480,455
Consolidated assets	697,098	1,743,462

8. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

Segment liabilities

	At 31 December	
	2015	**2014**
	HK$'000	**HK$'000**
Public procurement	12,164	41,297
Trading business	1,856	108,278
Provision of corporate IT solution	578	423
EMC	—	2,507
Total segment liabilities	14,598	152,505
Unallocated corporate liabilities	164,506	140,861
Consolidated liabilities	179,104	293,366

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

- all assets are allocated to operating segments other than interest in an associate, loan receivables, certain property, plant and equipment, investment properties, prepaid lease payments, certain intangible assets, deferred tax asset, certain other receivables, amounts due from a director and a substantial shareholder and its subsidiaries, pledged bank deposit and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to operating segments other than certain other payables, tax payable, amounts due to a substantial shareholder and its subsidiaries, bank and other borrowings, and deferred tax liabilities as these liabilities are managed on a group basis.

8. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Other segment information

Year ended 31 December 2015

	Public procurement	Trading business	Provision of corporate IT solution	EMC	Unallocated	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	58	655	102	—	406	1,221
Impairment loss recognised in respect of goodwill	935,361	—	—	—	—	935,361
Impairment loss recognised in respect of intangible assets	48,191	—	10,287	—	—	58,478
Impairment loss recognised in respect of property, plant and equipment	2,313	—	—	—	—	2,313
Depreciation of property, plant and equipment	2,490	6	128	—	2,045	4,669
Amortisation of intangible assets	—	—	4,878	—	121	4,999
Impairment of trade and other receivables	—	—	1,201	—	1,183	2,384
Written off of prepayment	—	—	—	5,976	—	5,976
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Finance costs	—	—	—	—	1,992	1,992
Interest in an associate	1,307	—	—	—	—	1,307
Amortisation of prepaid lease payments	—	—	—	—	100	100

Note: Non-current assets exclude deferred tax assets.

8. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Other segment information (Continued)

Year ended 31 December 2014

	Public procurement	Trading business	Provision of corporate IT solution	EMC	Unallocated	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	3,503	—	—	—	8,237	11,740
Impairment loss recognised in respect of goodwill	400,500	—	—	—	—	400,500
Depreciation of property, plant and equipment	2,502	—	127	—	5,217	7,846
Amortisation of intangible assets	—	—	4,942	—	37	4,979
Impairment of other receivables	—	—	—	43,432	88,291	131,723
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Finance costs	—	—	—	—	2,375	2,375
Change in fair value of investment properties	—	—	—	—	(6,549)	(6,549)
Interest in an associate	1,307	—	—	—	—	1,307
Amortisation of prepaid lease payments	—	—	—	—	309	309

Note: Non-current assets excluded deposit paid for potential acquisition of a subsidiary and deferred tax assets.

8. REVENUE AND SEGMENT INFORMATION (Continued)

(d) Geographical information

The Group operates principally in the PRC (the county of domicile).

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

	Revenue from external customers		Carrying amounts of non-current assets (Note)	
	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
PRC	2,516,060	1,223,077	304,410	1,382,202
Hong Kong	—	—	168	221
	2,516,060	1,223,077	304,578	1,382,423

Note: Non-current assets excluded deposit paid for potential acquisition of a subsidiary and deferred tax assets.

(e) Information about major customers

Revenue from customers of the Group contributing over 10% of the total sales of the Group are as follows:

	2015	2014
	HK$'000	HK$'000
— Customer A*	429,648	—
— Customer B*	313,559	—
— Customer C*	—	361,342
— Customer D*	—	174,995
— Customer E*	—	155,177
— Customer F*	—	146,963

* From the Group's trading business segment.

9. OTHER INCOME AND GAINS

	2015	2014
	HK$'000	HK$'000
Government grants		
— amortisation of deferred income (note 30)	7,295	315
— others*	—	79
Rental income	8,962	3,796
Exchange gain	1,631	255
Bank interest income	179	77
Gain on settlement of other payable (note 32(c))	2,095	—
Compensation income	—	13,480
Investment income	924	—
Gain on disposal of property, plant and equipment	380	—
Sundry income	1,033	587
	22,499	18,589

* Government grants mainly represented subsidies provided by local government authorities for financing the Group's operations expenses and there were no conditions attached to the subsidies.

10. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Interest on:		
— bank loans	—	2,375
— other borrowing	1,992	—
	1,992	2,375

11. INCOME TAX (CREDIT) EXPENSES

	2015	2014
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	—	1,771
PRC Enterprise Income Tax ("EIT") — current year provision	1,362	496
EIT — Under-provision in prior years	—	339
	1,362	2,606
Deferred taxation (note 31)	(3,711)	2,558
	(2,349)	5,164

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

No provision for Hong Kong Profits Tax has been made for the subsidiaries established in Hong Kong as the subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2015.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2014.

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25% in both 2015 and 2014.

One of the subsidiaries of the Company is recognised as a High and New-technology Enterprise which have been granted tax concessions by the local tax bureau and are entitled to PRC Enterprise Income Tax at concessionary rate of 15% in 2014. No tax concession was granted for 2015.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("the New Tax Law"). Pursuant to the New Tax Law, 10% withholding tax is levied on the foreign investor in respect of dividend distributions arising from the profits of a foreign investment enterprise in the PRC earned after 1 January 2008.

11. INCOME TAX (CREDIT) EXPENSES (Continued)

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

	2015	2014
	HK$'000	HK$'000
Loss before tax	(1,083,810)	(663,018)
Tax at the income tax rate of 25% (2014: 25%)	(270,952)	(165,755)
Tax effect of income not taxable for tax purpose	(344)	(800)
Tax effect of expenses not deductible for tax purpose	256,036	142,219
Tax effect of losses not recognised	10,615	14,044
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	3,819	9,437
Tax effect of land appreciation tax	—	2,089
Tax effect of deductible temporary differences not recognised	—	3,867
Utilisation of tax losses previously not recognised	(1,784)	—
Tax effect of preferential tax rate	—	(276)
Withholding tax on dividend	261	—
Under-provision in respect of prior years	—	339
Income tax (credit) expenses for the year	(2,349)	5,164

Details of deferred taxation are set out in note 31.

12. LOSS FOR THE YEAR

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

	2015	2014
	HK$'000	HK$'000
Staff costs		
— Directors' emoluments (note 13)	16,930	17,856
— Other staff costs	39,918	39,631
— Retirement scheme contributions	5,415	5,464
— Equity-settled share-based payment expenses	1,822	23,840
Total staff costs	64,085	86,791
Auditor's remuneration	2,300	2,200
Write-off of prepayment	5,976	—
Amortisation of prepaid lease payments	100	309
Rental income from investment properties*	(8,962)	(3,796)
Cost of inventories recognised as expense	2,490,587	1,204,897
Depreciation of property, plant and equipment	4,669	7,846
Amortisation of intangible assets	4,999	4,979
Minimum lease payments under operating leases	13,431	13,388

* The direct operating expenses and net rental income amounted to HK$454,000 (2014: HK$239,000) and HK$8,508,000 (2014: HK$3,557,000) respectively.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 20 (2014: 24) directors and the chief executive were as follows:

For the year ended 31 December 2015

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
	Fees	**Salaries and other benefits**	**Retirement benefits scheme contributions**	**Equity-settled share-based payment**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Executive directors					
Mr. Cheng Yuanzhong *(Chairman)*	1,180	576	—	1,051	2,807
Mr. Ho Wai Kong	1,656	—	—	1,051	2,707
Mr. Mao Dai[1]	267	—	—	—	267
Mr. Peng Zhiyong[2]	480	—	—	—	480
Mr. Wong Wei Kit	1,287	—	—	263	1,550
Mr. Yan Wei[2]	261	—	—	—	261
Mr. Yang Lei *(Chief executive)*[2]	506	—	—	—	506
Mr. Zhang Zhongmin[2]	540	—	—	—	540
Mr. Zheng Jinwei *(Chief executive)*[4]	960	—	—	1,051	2,011
Ms. He Qian[3]	45	—	—	263	308
	7,182	576	—	3,679	11,437
Non-executive directors					
Mr. Chen LiMin[5]	166	—	—	263	429
Mr. Hu Wei[5]	166	—	—	263	429
Mr. Wang Ning	600	—	—	263	863
Mr. Yue YiFeng[5]	166	—	—	263	429
Ms. Liu LiZhen[5]	166	—	—	263	429
	1,264	—	—	1,315	2,579
Independent non-executive directors					
Mr. Chan Tze See, Kevin	300	—	—	263	563
Mr. Deng Xiang	300	—	—	263	563
Mr. Shen Shaoji	289	—	—	263	552
Mr. Wu Fred Fong	420	—	—	263	683
Ms. He Qian[6]	270	—	—	—	270
Ms. Wong Yan Ki Angel[3]	20	—	—	263	283
	1,599	—	—	1,315	2,914
	10,045	576	—	6,309	16,930

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 31 December 2015 (Continued)

[1] Appointed on 15 July 2015 and resigned on 7 December 2015
[2] Resigned on 15 July 2015
[3] Appointed on 7 December 2015
[4] Redesignated from executive director to chief executive on 15 July 2015
[5] Appointed on 15 July 2015
[6] Appointed on 13 January 2015 and resigned on 7 December 2015

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 31 December 2014

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Equity-settled share-based payment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Cheng Yuanzhong	2,000	160	—	—	2,160
Mr. Chen Shulin[1]	103	—	—	—	103
Mr. Ho Wai Kong	2,300	—	—	—	2,300
Mr. Lau Kin Shing, Charles[2]	348	—	—	—	348
Mr. Li Kening[3]	34	—	—	—	34
Mr. Peng Zhiyong	1,075	—	—	—	1,075
Mr. Peng Ru Chuan[4]	596	—	—	—	596
Mr. Wang Dingbo *(Chief executive)*[5]	348	—	—	—	348
Mr. Wong Wei Kit[6]	92	—	—	—	92
Mr. Yan Wei *(Chief executive)*[7]	1,156	—	—	—	1,156
Mr. Yang Lei[8]	670	—	—	1,324	1,994
Mr. Zhang Wanjun[9,10]	1,665	—	—	—	1,665
Mr. Zhang Zhongmin[8]	670	—	—	1,324	1,994
Mr. Zhao Peilai[11]	1,190	—	—	—	1,190
Mr. Zheng Jinwei[12]	23	—	—	—	23
	12,270	160	—	2,648	15,078
Non-executive directors					
Mr. Wang Ning[5]	600	—	—	—	600
Mr. Wang Dingbo[11]	279	—	—	—	279
Ms. Liu Jie[11]	395	—	—	—	395
	1,274	—	—	—	1,274
Independent non-executive directors					
Mr. Chan Tze See, Kevin	285	—	—	—	285
Mr. Chen Bojie[4]	109	—	—	—	109
Mr. Deng Xiang[13]	80	—	—	—	80
Mr. Shen Shaoji	285	—	—	—	285
Mr. Wu Fred Fong	405	—	—	—	405
Mr. Xu Haigen[14]	285	—	—	—	285
Mr. Ying Wei[15]	55	—	—	—	55
	1,504	—	—	—	1,504
	15,048	160	—	2,648	17,856

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 31 December 2014 (Continued)

1 Resigned on 16 January 2014
2 Resigned on 10 March 2014
3 Resigned on 8 January 2014
4 Resigned on 30 May 2014
5 Re-designated from executive director to non-executive director on 10 March 2014
6 Appointed on 10 December 2014
7 Appointed on 10 March 2014
8 Appointed on 6 June 2014
9 Appointed on 8 January 2014
10 Resigned on 10 December 2014
11 Resigned on 29 August 2014
12 Appointed on 23 December 2014
13 Appointed on 25 September 2014
14 Resigned on 29 December 2014
15 Resigned on 24 March 2014

The Group's chief executive for the period from 1 January 2014 to 10 March 2014 was Mr. Wang Dingbo and Mr. Yan Wei replaced Mr. Wang Dingbo as the chief executive since then until Mr. Zheng Jinwei took the role of chief executive on 15 July 2015. Their emoluments as chief executive have been included in their emoluments disclosed above.

Neither the chief executive nor any of the directors waived any emoluments in the year ended 31 December 2015 and 2014. No emoluments were paid by the Group to any directors and the chief executive as an incentive payment for joining the Group or as compensation for loss of office, and neither of them had emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking in the year ended 31 December 2015 and 2014.

14. EMPLOYEES' EMOLUMENTS

The five individuals with the highest emoluments in the Group included four directors (2014: five), details of whose emoluments are set out in note 13 above. Details of the emoluments of the remaining one (2014: nil) highest paid individual were as follows:

	2015	2014
	HK$000	HK$000
Salaries and other benefits	897	—
Contributions to retirement benefits scheme — defined contribution plan	18	—
	915	—

14. EMPLOYEES' EMOLUMENTS (Continued)

The emoluments were within the following band:

	Number of individuals 2015	2014
HK$nil to HK$1,000,000	1	—

During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals, directors or the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive of the Company and the five highest paid individuals waived or agreed to waive any emoluments paid by the Group.

The remuneration of directors and the chief executive of the Company is determined by the remuneration committee having regard to the performance of individual and market trends.

15. DIVIDENDS

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

16. LOSS PER SHARE

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

	2015	2014
	HK$'000	HK$'000
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	(1,073,902)	(665,164)

Number of shares	2015	2014
	'000	'000
Weighted average number of ordinary shares and preference shares for the purpose of basic and diluted loss per share	12,797,715	11,725,438

As the exercise prices of the outstanding share options are higher than the average market price for shares, the computation of diluted loss per share for the year ended 31 December 2015 and 2014 does not assume the exercise of the Company's outstanding share options.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 January 2014	6,535	25,089	11,683	7,754	51,061
Additions	209	1,289	—	—	1,498
Written-off	—	(6)	—	—	(6)
Disposal of a subsidiary	—	(48)	—	—	(48)
Exchange realignment	(105)	(429)	(46)	(103)	(683)
At 31 December 2014 and 1 January 2015	6,639	25,895	11,637	7,651	51,822
Additions	—	250	—	246	496
Disposal	—	(11)	(5,394)	—	(5,405)
Transfer to investment properties	(3,562)	—	—	(2,151)	(5,713)
Exchange realignment	(164)	(1,465)	(390)	(385)	(2,404)
At 31 December 2015	2,913	24,669	5,853	5,361	38,796
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2014	249	6,585	8,241	3,767	18,842
Charge for the year	284	4,802	1,991	769	7,846
Eliminated on written off	—	(6)	—	—	(6)
Disposal of a subsidiary	—	(10)	—	—	(10)
Exchange realignment	(10)	(192)	(19)	(51)	(272)
At 31 December 2014 and 1 January 2015	523	11,179	10,213	4,485	26,400
Charge for the year	98	3,992	303	276	4,669
Eliminated on disposal	—	(11)	(5,394)	—	(5,405)
Eliminated on transfer to investment properties	(295)	—	—	(464)	(759)
Impairment recognised for the year	—	2,313	—	—	2,313
Exchange realignment	(56)	(807)	(326)	(334)	(1,523)
At 31 December 2015	270	16,666	4,796	3,963	25,695
CARRYING VALUES					
At 31 December 2015	2,643	8,003	1,057	1,398	13,101
At 31 December 2014	6,116	14,716	1,424	3,166	25,422

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Buildings	5%
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Leasehold improvements	Over the term of the lease or 25%, whichever is the shorter

The buildings are situated in the PRC.

As at 31 December 2014, certain of the Group's buildings with a carrying value of approximately HK$5,077,000 (2015: nil) has been pledged to secure credit facilities granted to an independent third party (note 37).

During the year ended 31 December 2015, property, plant and equipment of HK$4,954,000 (2014: nil) were transferred to investment properties.

As at 31 December 2015, the directors of the Company conducted review on the Group's furniture, fixtures and equipment which are used in the Group's CGU of public procurement and determined that a number of assets were impaired due to adverse market conditions and recognised an impairment loss of HK$2,313,000 (2014: nil) due to the change in the economic circumstances surrounding the Group's public procurement operation. Details of impairment testing were set out in note 20.

18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments analysed for reporting purposes as:

	2015 HK$'000	2014 HK$'000
Current assets	95	301
Non-current assets	4,727	14,252
	4,822	14,553

As at 31 December 2014, the Group's prepaid lease payments with a carrying value of approximately HK$14,553,000 (2015: nil) has been pledged to secure credit facilities granted to an independent third party (note 37).

During the year ended 31 December 2014, additions to prepaid lease payments of the Group amounted to HK$569,000 (2015: nil).

During the year ended 31 December 2015, prepaid lease payments of HK$9,361,000 (2014: nil) were transferred to investment properties.

19 INVESTMENT PROPERTIES

FAIR VALUE

	HK$'000
At 1 January 2014	220,715
Additions	5,743
Net increase in fair value recognised in profit or loss	6,549
Exchange realignment	(3,334)
At 31 December 2014 and 1 January 2015	229,673
Transfer from property, plant and equipment and prepaid lease payments	19,793
Exchange realignment	(13,178)
At 31 December 2015	236,288

The fair value of the Group's investment properties as at 31 December 2015 and 2014 has been arrived at on the basis of a valuation carried out by an independent qualified professional valuer not connected to the Group.

During the year ended 31 December 2015, certain buildings and prepaid lease payments with a carrying amount of approximately HK$4,954,000 and HK$9,361,000 were transferred to investment properties as these properties are held for rental income or appreciation purpose.

The fair value was determined by a professional valuer not connected to the Group using the direct comparison approach, and making reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject investment properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2015 and 2014 are as follows:

	Level 2	Fair value as at 31 December 2015
	HK$'000	HK$'000
Commercial property units located in the PRC at the end of year	236,288	236,288

19 INVESTMENT PROPERTIES (Continued)

The aggregate fair value of buildings and prepaid lease payments transferred to investment properties at the date of transfer determined using level 2 fair value hierarchy was approximately HK$19,793,000.

	Level 2	Fair value as at 31 December 2014
	HK$'000	HK$'000
Commercial property units located in the PRC at the end of year	229,673	229,673

There were no transfers in/out from Level 2 fair value measurement during the years ended 31 December 2015 and 2014.

All the Group's investment properties are located in the PRC. As at 31 December 2014, investment properties with a carrying value of approximately HK$229,673,000 (2015: nil) have been pledged to secure credit facilities granted to an independent third party (note 37).

The following table gives information about how the fair values of the investment properties as at 31 December 2015 and 2014 are determined (in particular, the valuation techniques and inputs used):

	Fair value hierarchy	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Valuation technique
		HK$'000	HK$'000	
Commercial property units located in the PRC	Level 2	236,288	229,673	Direct comparison approach — by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly

20. GOODWILL

	Corporate IT Solution	Public Procurement	Total
	HK$'000	HK$'000	HK$'000
COST			
At 1 January 2014	11,599	7,043,211	7,054,810
Exchange realignment	(175)	(106,198)	(106,373)
At 31 December 2014 and 1 January 2015	11,424	6,937,013	6,948,437
Exchange realignment	(603)	(366,467)	(367,070)
At 31 December 2015	10,821	6,570,546	6,581,367
ACCUMULATED IMPAIRMENT			
At 1 January 2014	11,599	5,633,931	5,645,530
Impairment loss recognised in the year	—	400,500	400,500
Exchange realignment	(175)	(84,949)	(85,124)
At 31 December 2014 and 1 January 2015	11,424	5,949,482	5,960,906
Impairment loss recognised in the year	—	935,361	935,361
Exchange realignment	(603)	(314,297)	(314,900)
At 31 December 2015	10,821	6,570,546	6,581,367
CARRYING VALUES			
At 31 December 2015	—	—	—
At 31 December 2014	—	987,531	987,531

Goodwill acquired through business combination was allocated to the Group's cash generating units ("CGU") of provision of corporate IT solution and public procurement for impairment testing.

The basis of the recoverable amount of the CGUs and the major underlying assumptions amortised below:

Corporate IT solution

The Group's goodwill for provision of corporate IT solution was fully impaired prior to 1 January 2014.

20. GOODWILL (Continued)

Public procurement

The recoverable amount of this CGU of HK$50,484,000 (2014: HK$1,101,284,000) as at 31 December 2015 has been determined based on a value-in-use calculation with reference to a valuation performed by an independent professional qualified valuer not connected to the Group. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5-year period and a pre-tax discount rate of 34.4%. (2014: 32.8%). Cash flows beyond the 5-year period has been extrapolated using a steady 3% (2014: 3%) growth rate. This growth rate is based on expected economic forecast on inflation.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this CGU to exceed its aggregate recoverable amount.

During the year ended 31 December 2015, the Group recognised an impairment loss of HK$935,361,000 (2014: HK$400,500,000) in relation to goodwill of public procurement primarily due to the underperformance of the underlying business and adverse change in the market conditions.

21. INTANGIBLE ASSETS

	Computer software	Online platform promotion right	Online platform development and technical support right	Software technology knowhow	Software copyrights	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 January 2014	132	10,240	8,961	80,491	29,675	129,499
Additions	1,558	—	—	2,372	—	3,930
Exchange realignment	(3)	(154)	(135)	(1,214)	(447)	(1,953)
At 31 December 2014 and 1 January 2015	1,687	10,086	8,826	81,649	29,228	131,476
Additions	389	—	—	336	—	725
Exchange realignment	(105)	(533)	(466)	(4,327)	(1,544)	(6,975)
At 31 December 2015	1,971	9,553	8,360	77,658	27,684	125,226
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 January 2014	49	—	—	—	8,391	8,440
Charge for the year	37	—	—	—	4,942	4,979
Exchange realignment	(1)	—	—	—	(129)	(130)
At 31 December 2014 and 1 January 2015	85	—	—	—	13,204	13,289
Charge for the year	121	—	—	—	4,878	4,999
Impairment loss recognised for the year	—	9,553	8,360	30,278	10,287	58,478
Exchange realignment	(10)	—	—	—	(685)	(695)
At 31 December 2015	196	9,553	8,360	30,278	27,684	76,071
CARRYING VALUES						
At 31 December 2015	1,775	—	—	47,380	—	49,155
At 31 December 2014	1,602	10,086	8,826	81,649	16,024	118,187

Computer software and software copyrights

Computer software and software copyrights have finite useful lives. Such intangible assets are amortised on a straight-line basis over ten years. The carrying amount of the Group's intangible assets (net of accumulated amortisation and impairment) attributable to assets with finite useful lives was approximately HK$1,775,000 (2014: HK$17,626,000).

21. INTANGIBLE ASSETS (Continued)

Computer software and software copyrights (Continued)

As at 31 December 2015, the directors of the Company conducted an impairment assessment of the Group's computer software and software copyrights and recognised an impairment loss of HK$10,287,000 on its software copyrights allocated to the provision of IT solution segment primarily due to the change in the Group's business strategy in which these software copyrights will no longer be used. The recoverable amount of such is estimated to be nil.

Online platform promotion right, online platform development and technical support right, software technology knowhow

The online platform promotion right, online platform development, technical support right and software technology knowhow are considered to have an indefinite useful life as there were no specific terms for the rights and the directors of the Company expected that the business underlying the rights can be operated perpetually. Thus, they were tested for impairment at 31 December 2015 and 2014, as described in note 5. These intangible assets will not be amortised until the useful life is determined to be finite, instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

During the current year, due to the change in the economic circumstances and governmental policies, the Group's online platform promotion right, online platform development and technical support right and software technology knowhow no longer enforceable and thus these assets were fully impaired during the year ended 31 December 2015.

Following such, the directors of the Company also conducted a review of the Group's software technology knowhow used in the CGU of public procurement and determined that those assets were impaired due to adverse change in the market conditions and recognised an impairment loss of HK$30,278,000. The details of impairment testing of this CGU were included in note 20.

The carrying amounts of the Group's intangible assets (net of accumulated amortisation and impairment) attributable to assets with indefinite useful life was approximately HK$47,380,000 (2014: HK$100,561,000).

22. INTERESTS IN ASSOCIATES

	2015	2014
	HK$'000	HK$'000
Unlisted investments in the PRC, at cost	5,277	5,277
Share of post-acquisition losses and other comprehensive income	(3,970)	(3,970)
	1,307	1,307

22. INTERESTS IN ASSOCIATES (Continued)

At the end of the reporting period, the Group had interest in the following immaterial associates:

Name	Form of entity	Place of incorporation and operation	Class of equity held	Proportion of nominal value of paid-up capital by the Group and portion of voting power held indirectly 2015	2014	Principal activities
國採華南金屬市場服務有限公司 Guocai South China Metal Exchange Service Limited*	Incorporated	The PRC	Paid-up capital	21.5%	21.5%	Inactive
中採博納(武漢)實業發展有限公司 Zhongcai Bona (Wuhan) Industrial Development Limited* ("Bona") (note)	Incorporated	The PRC	Paid-up capital	30%	—	Inactive

* The English name is for identification purpose only

Note: Bona was established by the Group and an independent third party during the year ended 31 December 2015. Up to 31 December 2015, the Group had not paid up the capital of Bona attributable to the Group of RMB27,000,000 (equivalent to HK$32,240,700).

The associates are accounted for using the equity method in these consolidated financial statements.

The financial information and carrying amount of the Group's interest in associates that are not individually material are set out below:

	2015 HK$'000	2014 HK$'000
The Group's share of results	—	—
The Group's share of other comprehensive income	—	—
The Group's share of total comprehensive income	—	—
Aggregate carrying amount of the Group's interest in the immaterial associates	1,307	1,307

23. PREPAYMENT

As at 31 December 2014, the Group has prepaid approximately HK$6,051,000 for the necessary equipment to be acquired for an energy management contract. The relevant contract has an operating term of 10 years commencing from the date of completion of the installation of the relevant equipment.

During the year ended 31 December 2015, the Group decided not to proceed with such energy management contract due to unpredicted economic environment. As a result, the prepayment made was fully written off during the year.

24. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Trade receivables	21,172	5,001
Other receivables	130,975	134,717
Impairment for other receivables	(128,153)	(131,723)
	2,822	2,994
Compensation income receivable	8,473	13,473
Prepayments for goods	75,402	144,839
Other prepayments	48,695	5,695
Deposits	3,073	4,699
	159,637	176,701

The Group does not hold any collateral over its trade and other receivables.

24. TRADE AND OTHER RECEIVABLES (Continued)

The Group normally grants to its customers credit periods ranging from 30 days to 90 days which are subject to periodic review by management. For receivables relating to the energy management business, a credit period of 180 days is offered. The following is an aged analysis of the Group's trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period:

	2015	2014
	HK$'000	HK$'000
Within 90 days	3,310	2,752
91 days to 180 days	—	30
181 days to 365 days	16,124	—
Over 365 days	1,738	2,219
	21,172	5,001

At the end of the reporting period, included in the Group's trade receivables were debtors with aggregate carrying amount of approximately HK$17,862,000 (2014: HK$2,249,000) which were past due as at the reporting date for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and they are still considered as recoverable.

The aging analysis of trade receivables that were past due but not impaired is as follows:

	2015	2014
	HK$'000	HK$'000
91 days to 180 days	16,124	30
181 days to 365 days	386	—
Over 365 days	1,352	2,219
	17,862	2,249

24. TRADE AND OTHER RECEIVABLES (Continued)

The movements in impairment of other receivables are as follows:

	2015	2014
	HK$'000	HK$'000
As 1 January	131,723	—
Recognised during the year	2,384	131,723
Written off as uncollectible	(1,201)	—
Exchange realignment	(4,753)	—
As 31 December	128,153	131,723

Included in the impairment loss recognised are individually impaired other receivables with an aggregate balance of approximately HK$128,153,000 (2014: HK$131,723,000) which the Group does not hold any collateral over these balance. The individually impaired receivables mainly related to debtors that are in unexpected difficult economic situations or having disputes over the outstanding balances. The factors considered by management in determining the impairment are described in note 5.

25. LOAN RECEIVABLES

The balance represented advances to independent third parties which are unsecured, interest-free.

Included in the loan receivables as at 31 December 2015 was a loan of HK$100,000,000 (2014: HK$100,000,000) repayable in June 2015 that is correlated to a cooperation arrangement with that independent third party. Pursuant to the cooperation arrangement, that independent third party had undertaken to engage the Group for procurement services for a transaction volume of no less than RMB950 million during the year ended 31 December 2014 at an agreed service charge of 1.5%. During the year ended 31 December 2014, the guaranteed transaction volume had not been attained. A compensation income of RMB10,687,500 (equivalent to HK$13,473,000) for the year ended 31 December 2014 (2015: nil) was therefore recognised and included in trade and other receivables.

Further details of such were set out in the Company's announcement dated 5 June 2014.

The remaining loan receivables were repayable on demand.

26. PLEDGED BANK DEPOSIT

Pledged bank deposit represents deposit pledged to bank to secure short term banking facilities granted to the Group and is therefore classified as current asset.

The pledged deposit carries fixed interest rate of 2.5% (2014: nil) per annum.

27. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and bank balances that are interest-bearing at prevailing market interest rates ranging from 0.01% to 0.35% (2014: 0.01% to 2.5%) per annum and have original maturity of three months or less.

28. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	HK$'000
Trade payables	1,576	—
Accruals	10,404	9,222
Security deposits	9,662	5,741
Receipt in advance	683	108,278
Other payables*	12,270	37,767
Payables for acquisition of property, plant and equipment	4,060	4,776
Payables for acquisition of intangible assets	2,353	3,125
	41,008	168,909

* Included in the balance was unsecured interest-free advances of HK$1,134,000 (2014: HK$1,421,000) from an independent third party.

The average credit period on purchases of goods ranges from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. The following is an aged analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2015	2014
	HK$'000	HK$'000
Within 90 days	592	—
91 days to 180 days	814	—
181 days to 365 days	170	—
	1,576	—

29. BORROWINGS

	Notes	2015 HK$'000	2014 HK$'000
Bank borrowing	(i)	11,910	—
Other borrowing	(ii)	23,882	—
		35,792	—

The bank and other borrowings are repayable within one year.

(i) The Group's bank borrowing were denominated in HKD carrying interest at variable-rate with an interest rate of 12 months Hong Kong Interbank Offered Rate ("HIBOR") plus 1.052% per annum.

At 31 December 2015, bank borrowing was secured by the Group's pledged deposit as disclosed in note 37.

(ii) The Group's other borrowing was unsecured and carrying fixed interest at 1% per month.

30. DEFERRED INCOME

In 2015, the Group received government subsidies of HK$7,469,000 (2014: nil) and nil (2014: HK$1,591,000) for financing the Group's capital investments and operating costs respectively. The amounts received for operating costs of HK$1,512,000 in 2014 (2015: nil) have been treated as deferred income as the relevant conditions of the grant had not yet been fulfilled as at 31 December 2014 and will be transferred to income when the relevant conditions are fulfilled. The amounts received for capital investments of HK$7,469,000 (2014: nil) had been treated as deferred income and are transferred to income over the useful lives of the relevant assets commencing when the relevant asset is available for use. These policies have resulted in a credit to income in the current period of HK$7,295,000 (2014: HK$315,000). As at 31 December 2015, an amount of HK$17,714,000 (2014: HK$18,637,000) remains to be amortised.

	2015 HK$'000	2014 HK$'000
Balance as at 1 January	18,637	17,707
Grants received	7,469	1,512
Amortisation (included in other income and gains)	(7,295)	(315)
Exchange realignment	(1,098)	(267)
Balance as at 31 December	17,713	18,637

31. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	HK$'000	HK$'000
Deferred tax assets	866	915
Deferred tax liabilities	(32,064)	(35,723)
	(31,198)	(34,808)

The major deferred tax asset and liability recognised and movements thereof during the current year and prior year are summarised below:

	Unrealised profits	Intangible assets	Revaluation of investment properties	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014	929	(5,171)	(28,504)	(32,746)
Credited (charged) to profit or loss	—	1,169	(3,727)	(2,558)
Exchange realignment	(14)	78	432	496
At 31 December 2014 and 1 January 2015	915	(3,924)	(31,799)	(34,808)
Charged to other comprehensive income	—	—	(1,986)	(1,986)
Credited to profit or loss	—	3,711	—	3,711
Exchange realignment	(49)	213	1,721	1,885
At 31 December 2015	866	—	(32,064)	(31,198)

At 31 December 2015, the Group had unused tax losses of approximately HK$209,801,000 (2014: HK$174,472,000) available for offset against future profits and deductible temporary differences of HK$15,468,000 (2014: HK$15,468,000). No deferred tax asset has been recognised in respect of such losses and deductible temporary differences due to the unpredictability of future profit streams. As at 31 December 2015, approximately HK$150,679,000 (2014: HK$115,351,000) included in the above unused tax losses will be expired after five years from the year of arising. Other losses may be carried forward indefinitely.

31. DEFERRED TAXATION (Continued)

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Such undistributed profits of the PRC subsidiaries of the Group are subject to withholding tax. As at 31 December 2015, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the subsidiaries amounting to approximately HK$22,462,000 (2014: HK$54,777,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

32. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares
	000	HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	20,000,000	200,000
Issued and fully paid:		
At 1 January 2014	11,291,343	112,913
Increase on conversion of preference shares (note b)	20,000	200
Issue of shares (note a)	772,388	7,724
At 31 December 2014 and 1 January 2015	12,083,731	120,837
Increase on conversion of preference shares (note b)	54,620	546
Issued by capitalisation of loan payable (note c)	149,677	1,497
Issue of shares (note d)	1,000,000	10,000
At 31 December 2015	13,288,028	132,880

Notes:

a. On 20 June 2014 and 23 December 2014, the Company issued 698,888,000 and 73,500,000 ordinary shares of HK$0.01 each for HK$0.36 and HK$0.242 per share respectively, raising total proceeds of HK$269,387,000, before direct issue costs of HK$873,000.

b. During the year ended 31 December 2015, 54,620,000 (2014: 20,000,000) ordinary shares of HK$0.01 each was issued and allotted, credited as fully paid, upon conversion of 54,620,000 (2014: 20,000,000) preference shares.

32. SHARE CAPITAL (Continued)

Notes: (Continued)

c. On 3 August 2015, 149,677,419 ordinary shares of the Company of HK$0.01 each were issued for the settlement of other payables of HK$23,200,000. Upon issue of the shares on 13 August 2015, the aggregate fair values of the shares issued amounted to approximately HK$21,105,000 and a gain of HK$2,095,000 (note 9) was recognised.

d. On 29 May 2015, the Company issued 1,000,000,000 ordinary shares of HK$0.01 each for HK$0.1705 per share, raising total proceeds of HK$170,500,000, before direct issue costs of HK$9,000,000.

33. CONVERTIBLE PREFERENCE SHARES

Convertible preference shares at HK$0.01 each, issued and fully paid:

	Number of shares	Nominal value of preference shares
	'000	HK'$000
At 1 January 2014	78,904	789
Conversion into ordinary shares	(20,000)	(200)
At 31 December 2014	58,904	589
Conversion into ordinary shares	(54,620)	(546)
At 31 December 2015	4,284	43

The conversion rate of each convertible preference share is one ordinary share. The major terms of the convertible preference shares are set out below:

(i) The convertible preference shareholders has the right, exercisable at any time perpetual as from the date of issue, to convert the preference shares into fully paid ordinary shares, provided that (1) any conversion of the convertible preference shares does not trigger a mandatory offer obligation under rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the convertible preference shares holders and their concert parties who exercise the conversion rights; (2) the public float of the shares shall not be less than 25%.

(ii) The convertible preference shares are transferable and do not carry the right to vote at the Company's general meetings. The convertible preference shareholders shall be entitled to the dividend declared by the Company.

(iii) The convertible preference shares shall rank pari passu with any and all current and future preferred equity securities of the Company.

33. CONVERTIBLE PREFERENCE SHARES (Continued)

(iv) The convertible preference shares are non-redeemable.

Based on the above terms and conditions, the convertible preference shares have been classified as equity instrument in the consolidated statement of financial position.

During the year ended 31 December 2015, 54,620,000 preference shares (2014: 20,000,000 preference shares) of HK$0.01 each were converted, resulting in the issue and allotment of 54,620,000 ordinary shares (2014: 20,000,000 ordinary shares) of HK$0.01 each, credited as fully paid.

34. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "Scheme") which was adopted on 12 June 2002 for the purpose of attracting and retaining quality personnel and providing them with incentive to contribute to the business and operation of the Group. The Scheme will remain in force for a period of ten years from the date of adoption.

The directors may at their discretion grant options to any director, employee or other service providers of the Group or their respective associate.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the share capital of the Company (the "Limit"). The Company may seek approval by shareholders in general meeting to refresh the Limit or to grant options beyond the Limit provided that the options in excess of the Limit are granted only to participants specifically identified by the Company before such approval is sought, subject to the limitation that the maximum number of shares which may be issued or issuable upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

The maximum number of shares (issued and to be issued) in respect of which options may be granted under the Scheme to any one participant in any 12-month period shall not exceed 1% of the share capital of the Company in issue on the last day of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option).

34. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Where options are proposed to be granted to a substantial shareholder or an independent non-executive director or any of their respective associates, and the proposed grant of options would result in the shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the grant of such options to represent in aggregate over 0.1% of the total issued shares for the time being and have an aggregate value (based on the closing price of a share at each date of the grant of these options) exceeding HK$5 million, the proposed grant shall be subject to the approval of shareholders of the Company in general meeting (with all connected persons abstained from voting and votes taken on poll) in accordance with the requirements of the Listing Rules. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the grants that existed during the year are as follows, whereby all options are to be settled by physical delivery of shares:

Option Type	Total number of instruments at the date of grant	Vesting conditions	Exercise price	Contractual life of options
	'000			
Options granted to directors:				
— on 28 May 2012	122,200	Immediately from the date of grant	0.762	3 years
— on 2 July 2013 A	67,000	Immediately from the date of grant	0.762	3 years
— on 18 October 2013 A	15,000	Immediately from the date of grant	0.762	3 years
— on 6 June 2014	20,000	Immediately from the date of grant	0.415	3 years
— on 22 December 2015	60,000	Immediately from the date of grant	0.228	3 years
— on 22 December 2015	60,000	Vest on 22 June 2017	0.228	1.5 years
Options granted to employees and others:				
— on 28 May 2012	74,200	Immediately from the date of grant	0.762	3 years
— on 2 July 2013 A	118,000	Immediately from the date of grant	0.762	3 years
— on 2 July 2013 B	110,000	Immediately from the date of grant	0.640	3 years
— on 3 June 2014	100,000	Immediately from the date of grant	0.400	1.5 years
— on 6 June 2014	100,000	Immediately from the date of grant	0.415	3 years
— on 22 December 2015	165,670	Immediately from the date of grant	0.228	3 years
— on 22 December 2015	165,670	Vest on 22 June 2017	0.228	1.5 years
Total share options	1,177,740			

34. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2015		2014	
	Weighted average exercise price	Number of option	Weighted average exercise price	Number of option
		'000		'000
Outstanding at the beginning of the year	HK$0.631	695,100	HK$0.735	498,400
Granted during the year	HK$0.228	451,340	HK$0.408	220,000
Lapsed or cancelled during the year	HK$0.633	(281,100)	HK$0.762	(23,300)
Outstanding at the end of the year	HK$0.420	865,340	HK$0.631	695,100

The options outstanding at 31 December 2015 had a weighted average exercise price of HK$0.420 (2014: HK$0.631) and a weighted average remaining contractual life of 1.54 years (2014: 1.30 years).

(c) **Fair value of share options and assumptions**

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

Grant date	22 December 2015	6 June 2014	3 June 2014
Fair value at measurement date	HK$0.113	HK$0.132	HK$0.106
Share price	HK$0.258	HK$0.415	HK$0.385
Exercise price	HK$0.228	HK$0.415	HK$0.400
Expected volatility	80.19%	47.51%	60.98%
Expected life	1.5 to 3 years	3 years	1.5 years
Expected dividends	0%	0%	0%
Risk free interest rate	1.173%	0.732%	0.267%

The expected volatility is based on the historical volatility. Expected dividend are based on historical dividends. Changes in the subjective input assumption could materially affect the fair value estimate.

In relation to share options granted by the Company, the Group recognised expenses of approximately HK$8,131,000 (2014: HK$26,488,000) for the year ended 31 December 2015 while HK$31,882,000 (2014: nil) was carried as a prepayment under trade and other receivables as at 31 December 2015.

34. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(d) Terms of outstanding and exercisable share options at the end of the reporting period are as follows:

For the year ended 31 December 2015

Exercise Period	Outstanding at 1 January 2015	Granted during year	Lapsed or cancelled during year	Outstanding at 31 December 2015
	'000	'000	'000	'000
28 May 2012 to 27 May 2015	181,100	—	(181,100)	—
2 July 2013 to 1 July 2016	279,000	—	—	279,000
18 October 2013 to 17 October 2016	15,000	—	—	15,000
3 June 2014 to 2 December 2015	100,000	—	(100,000)	—
6 June 2014 to 5 July 2017	120,000	—	—	120,000
22 December 2015 to 21 December 2018	—	225,670	—	225,670
22 June 2017 to 21 December 2018	—	225,670	—	225,670
	695,100	451,340	(281,100)	865,340
Weighted average exercise price	HK$0.631	HK$0.228	HK$0.633	HK$0.420

For the year ended 31 December 2014

Exercise Period	Outstanding at 1 January 2014	Granted during year	Lapsed or cancelled during year	Outstanding at 31 December 2014
	'000	'000	'000	'000
28 May 2012 to 27 May 2015	196,400	—	(15,300)	181,100
2 July 2013 to 1 July 2016	287,000	—	(8,000)	279,000
18 October 2013 to 17 October 2016	15,000	—	—	15,000
3 June 2014 to 2 December 2015	—	100,000	—	100,000
6 June 2014 to 5 July 2017	—	120,000	—	120,000
	498,400	220,000	(23,300)	695,100
Weighted average exercise price	HK$0.735	HK$0.408	HK$0.762	HK$0.631

Each option entitles the holders to subscribe for one ordinary share in the Company.

35. DISPOSAL OF A SUBSIDIARY

On 21 May 2014, the Company completed the disposal of the entire equity interests in 北京中采世紀技術有限公司, at a cash consideration of RMB10,000 (equivalent to HK$13,000) to an independent third party. The net liabilities of 北京中采世紀技術有限公司 at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	38
Available-for-sale investment	6,294
Other receivables	416
Bank balances and cash	128
Other payables	(10,646)
	(3,770)
Release of translation reserve on disposal	663
Gain on disposal	3,120
Total consideration	13
Satisfied by other receivable	13
Net cash outflow arising on disposal	
Cash and cash equivalents disposed of	(128)

During the period ended 21 May 2014, 北京中采世紀技術有限公司 contributed a loss and cash outflow from operating activities of HK$10,339,000 and HK$972,000 to the Group's loss and net cash flows for the year ended 31 December 2014, respectively.

36. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Commitment under operating lease

The Group as lessee

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

	2015	2014
	HK$'000	**HK$'000**
Within one year	5,939	12,695
In the second to fifth years inclusive	926	9,167
	6,865	21,862

Operating lease payments represent rentals payable by the Group for certain of its office premises. The lease typically runs for an initial of 1 to 2 years (2014: 1 to 3 years). Rentals are fixed at the inception of the leases.

The Group as lessor

Property rental income earned during the year was approximately HK$8,962,000 (2014: HK$3,796,000). The properties generated rental yields of 3.15% (2014: 3.79%) on an ongoing basis. All of the properties held have committed tenants for the next 2 years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015	2014
	HK$'000	**HK$'000**
Within one year	9,992	6,690
In the second to fifth years inclusive	15,999	11,232
	25,991	17,922

36. COMMITMENTS (Continued)

(b) Capital commitment

Capital commitments at the end of the reporting period were as follows:

	2015	2014
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
— acquisition of intangible assets	7,494	8,200
— further capital injection to an associate	52,779	21,684
— proposed acquisition of a subsidiary	1,250,551	—
	1,310,824	29,884

Note: On 21 December 2015, the Group entered into a sales and purchase agreement with Moonride Holdings Limited (the "Vendor") in relation to the proposed acquisition of the entire equity interests in Pioneer Spot Limited (the "Proposed Acquisition") for a maximum consideration (the "Consideration") of HK$1,250,551,000. Details of the proposed acquisition are set out in the Company's announcement dated 21 December 2015.

37. PLEDGE OF ASSETS

The Group had pledged the following assets to secure credit facility granted to the Group (2014: an independent third party) at the end of the reporting period. The carrying values of the assets pledged are as follows:

	2015	2014
	HK$'000	HK$'000
Buildings	—	5,077
Prepaid lease payments	—	14,553
Investment properties	—	229,673
Pledged bank deposit (note 26)	11,917	—
	11,917	249,303

In October 2014, the Group entered into an agreement with 北京天地盛隆機電設備有限公司 to pledge its investment properties, prepaid lease payments and certain land and buildings amounting to HK$249,303,000 as at 31 December 2014 for certain credit facility granted by 北京天地盛隆機電設備有限公司 to an independent third party.

北京天地盛隆機電設備有限公司 is a company controlled by Mr. Zheng Jinwei, who was appointed as an executive director of the Company on 23 December 2014.

37. PLEDGE OF ASSETS (Continued)

No amount had been drawn by that independent third party under the credit facility as at 31 December 2014 and the credit facility was cancelled in 2015 with the pledge of assets released.

38. RETIREMENT BENEFITS SCHEMES

As stipulated by the rules and regulations in the PRC, the Group contributes to the retirement funds scheme managed by local social security bureau in the PRC. The Group contributes a certain percentage of the basic salaries of its employees to the retirement plan to fund the benefits.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. During the year ended 31 December 2015, the total retirement benefit scheme contributions charged to the consolidated statement of profit or loss amounted to approximately HK$5,415,000 (2014: HK$5,464,000).

39. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

During the year ended 31 December 2015, other payables of HK$23,200,000 was settled via the issue of 149,677,419 ordinary shares of the Company. Further details of which are set out in the Company's announcement date 3 August 2015.

40. RELATED PARTY DISCLOSURES

Apart from the balances and transactions disclosed elsewhere in the consolidated financial statements, the Group also entered into the following transactions with related parties:

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

	2015	2014
	HK$'000	HK$'000
Rental expense charged by Guocai Science & Technology Company Limited ("Guocai"), a substantial shareholder (note (i))	1,368	—
Rental income charged to Guocai (Wuhan) Wine Shop Industrial Limited ("Guocai Wine Shop"), a related party (notes (i) and (iii))	(1,170)	(2,778)
Consultancy fees charged by Guocai (note (i))	—	7,080

40. RELATED PARTY DISCLOSURES (Continued)

(b) At the end of the reporting period, the Group has the following significant balances with related parties:

	2015	2014
	HK$'000	HK$'000
Amounts due from:		
Guocai (note (iv))	60,196	39,712
Deposit paid to Guocai for potential acquisition of a subsidiary (note (ii))	—	19,000
Guocai Wine Shop (note (iii))	3,164	—
Guocai Yida Investment Limited (notes (iii) and (vi))	3,582	—
Mr. Cheng Yuanzhong (note (v))	1,000	—

	2015	2014
	HK$'000	HK$'000
Amounts due to:		
Guocai (note (iv))	7,475	14,491
Guocai (Beijing) Technology Development Limited (notes (iii) and (iv))	—	1,891
China Public Procurement (H.K.) Technology Co., Limited ("CPP (H.K.)") (notes (iii) and (vii))	1,653	—
Tianheng Tendering Company Limited (notes (iii) and (iv))	478	3,530

Notes:

(i) The consultancy fees, rental expenses and rental income are charged according to the terms of the agreements entered into by the parties.

(ii) On 15 November 2012, the Group entered into a memorandum of understanding with its substantial shareholder to acquire the entire issued equity interest in a private limited liability company registered in the PRC (the "Target Company") for a total cash consideration of approximately HK$70,000,000. A refundable cash deposit of approximately HK$19,000,000 had been paid in such respect. The deposit paid is only refundable when the proposed transaction is terminated.

On 22 January 2015, the Group entered into an agreement with Guocai for the acquisition of entire equity interest in the Target Company for a cash consideration of RMB113 million. The proposed acquisition constituted a connected and major transaction of the Company further details of which were set out in the Company's announcement dated 22 January 2015.

40. RELATED PARTY DISCLOSURES (Continued)

(b) At the end of the reporting period, the Group has the following significant balances with related parties: (Continued)

Notes: (Continued)

As at 31 December 2015, the condition of proposed acquisition was not fulfilled and Guocai and the Group had not agreed on any extension and therefore, the proposed acquisition was ceased. Accordingly, the deposit was reclassified to amount due from a substantial shareholder at 31 December 2015. Further details were set out in the Company's announcement dated 1 January 2016.

(iii) The company is a subsidiary of Guocai.

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

(v) Mr. Cheng Yuanzhong is a director of the Company and the maximum amount outstanding during the year is HK$1,000,000.

(vi) The amount represents the prepayment of goods according to the agreement.

(vii) On 22 December 2015, 20,000,000 share options were granted to a substantial shareholder's subsidiary in return for its consultancy service to the Group.

(c) Key management compensation

The key management personnel represent solely the directors of the Company and the compensation paid to them is disclosed in note 13.

* The English name is a translation of its Chinese name and included herein for identification purpose only.

41. PRINCIPAL SUBSIDIARIES

Name of subsidiaries	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable equity interests held by the Company Directly 2015	Directly 2014	Indirectly 2015	Indirectly 2014	Principal activities
Million Treasure Holdings Limited	British Virgin Islands	US$100 Ordinary share	100%	100%	—	—	Inactive
Guocai Financial Information Consultancy Limited#	The PRC	Registered and contributed capital RMB100,000,000/ RMB19,999,000	100%	100%	—	—	Inactive
Guocai (Beijing) Technology Company Limited#	The PRC	Registered and contributed capital RMB60,000,000	—	—	90%	90%	Provision of technological development, advisory services, business planning and public-relations activities for online procurement business
Guocai (Qinghai) Technology Company Limited*	The PRC	Registered and contributed capital RMB10,000,000	—	—	63%	63%	Provision of online procurement services
Guocai (Wubei) Technology Company Limited*	The PRC	Registered and contributed capital RMB10,000,000	—	—	90%	90%	Provision of online procurement services

41. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Attributable equity interests held by the Company Directly 2015	Directly 2014	Indirectly 2015	Indirectly 2014	Principal activities
Gongcai Network Technology Company Limited#	The PRC	Registered and contributed capital USD50,000,000	—	—	100%	100%	Provision of online procurement service and sales and management of Energy management contracting
Shenzhen Zhongcai Information Technology Company Limited*	The PRC	Registered and contributed capital RMB3,000,000	—	—	70%	70%	Sale of software and provision of IT services

Wholly Foreign-owned Enterprise

* Domestic Invested Enterprise

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

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

At the end of the reporting period, the Group has other subsidiaries that are not material to the Group. The principal activities and place of business of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2015	2014
Investment holding	Hong Kong	6	6
Inactive	PRC	5	4
	Hong Kong	5	4
		16	14

The Group did not have any non-wholly-owned subsidiaries that have material non-controlling interest.

42. FINANCIAL INFORMATION OF THE COMPANY

	Notes	2015 HK$'000	2014 HK$'000
Non-current asset			
Investments in subsidiaries		25,196	25,196
Current assets			
Loan receivable		—	2,000
Trade and other receivables		53,171	17,298
Amounts due from subsidiaries	(a)	251,365	212,511
Bank balances and cash		804	1,059
		305,340	232,868
Current liabilities			
Other payables		4,303	29,081
Amount due to a subsidiary of a substantial shareholder	(a)	1,653	—
Amount due to a subsidiary	(a)	247	104
		6,203	29,185
Net current assets		299,137	203,683
		324,333	228,879
Capital and reserve			
Share capital		132,880	120,837
Convertible preference shares		43	589
Reserves	(b)	191,410	107,453
		324,333	228,879

Notes:

(a) The amounts are unsecured, interest-free and repayable on demand.

42. FINANCIAL INFORMATION OF THE COMPANY (Continued)

Notes: (Continued)

(b) Reserves

	Share premium	Share-based compensation reserve	Contributed surplus (Note)	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014	6,663,376	51,755	332,310	(7,168,001)	(120,560)
Loss for the year	—	—	—	(59,265)	(59,265)
Issue of shares	260,790	—	—	—	260,790
Effect of share options granted	—	26,488	—	—	26,488
Effect of share options lapsed or cancelled	—	(2,221)	—	2,221	—
At 31 December 2014 and 1 January 2015	6,924,166	76,022	332,310	(7,225,045)	107,453
Loss for the year	—	—	—	(127,164)	(127,164)
Issue of shares	151,500	—	—	—	151,500
Capitalisation of other payable (note 39)	19,608	—	—	—	19,608
Effect of share options granted	—	40,013	—	—	40,013
Effect of share options lapsed or cancelled	—	(27,539)	—	27,539	—
At 31 December 2015	7,095,274	88,496	332,310	(7,324,670)	191,410

Note: Contributed surplus of the Company represents the difference between the nominal value of the ordinary shares of the Company issued in a share for share exchange and the fair value of the aggregate net assets of the subsidiaries acquired.

Under the Bermuda Companies Act 1981, contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 December 2015 and 2014, no reserve of the Company was available for distribution as the aggregate of the contributed surplus and the accumulated losses are in debit balance.

43. EVENTS AFTER THE REPORTING PERIOD

(1) On 21 December 2015, the Group entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited for the placing of up to 700,000,000 ordinary shares of the Company of HK$0.01 each at a placing price of HK$0.22. The placing has been completed on 20 January 2016 and 50,000,000 ordinary shares of the Company of HK$0.01 each were issued, raising gross proceeds of HK$11,000,000.

(2) In respect of the Proposed Acquisition, the Group entered into a supplemental agreement dated 3 February 2016 with the Vendor pursuant to which HK$30,000,000 of the Consideration will be settled in cash by the Group.

Up to the date of these financial statements, approximately HK$15,000,000 had been paid in respect of the Proposed Acquisition.

Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. Please refer to the auditor's reports of the respective years of annual reports regarding the audit opinions.

RESULTS

	Year ended 31 December				
	2015	**2014**	**2013**	**2012**	**2011**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Revenue	2,516,060	1,223,077	90,003	277,123	5,353
(Loss) profit before tax	(1,083,810)	(663,018)	73,865	11,361	(20,863)
Income tax credit (expenses)	2,349	(5,164)	(37,120)	(28,231)	(3,442)
(Loss) profit for the year	(1,081,461)	(668,182)	36,745	(16,870)	(24,305)
Attributable to:					
Owners of the Company	(1,073,902)	(665,164)	37,403	(14,575)	(23,438)
Non-controlling interests	(7,559)	(3,018)	(658)	(2,295)	(867)
	(1,081,461)	(668,182)	36,745	(16,870)	(24,305)

ASSETS AND LIABILITIES

	At 31 December				
	2015	**2014**	**2013**	**2012**	**2011**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Total assets	697,098	1,743,462	2,106,744	1,874,796	1,781,815
Total liabilities	(179,104)	(293,366)	(256,437)	(164,425)	(5,568,476)
Total equity	517,994	1,450,096	1,850,307	1,710,371	(3,786,661)
Equity attributable to the owners of Company	517,168	1,439,855	1,836,882	1,694,795	(3,793,890)
Non-controlling interests	826	10,241	13,425	15,576	7,229
Total equity	517,994	1,450,096	1,850,307	1,710,371	(3,786,661)