

DT CAPITAL



DT CAPITAL LIMITED

鼎立資本有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 356



2016

ANNUAL REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Leung King Yue, Alex
Mr. Leong Chi Wai
Mr. Lewis Chan

Non-executive Directors

Ms. Chan Pui Kwan (*Chairman*)
Mr. Ma Chun Fai

Independent non-executive Directors

Mr. Kwok Ming Fai
Mr. Lo Chi Ming
Mr. Jochum Siebren Haakma

Audit Committee

Mr. Kwok Ming Fai (*Chairman of Audit Committee*)
Mr. Lo Chi Ming
Mr. Jochum Siebren Haakma

Remuneration Committee

Mr. Kwok Ming Fai
(*Chairman of Remuneration Committee*)
Mr. Leung King Yue, Alex
Mr. Lo Chi Ming
Mr. Jochum Siebren Haakma

Nomination Committee

Mr. Lo Chi Ming (*Chairman of Nomination Committee*)
Mr. Leung King Yue, Alex
Mr. Kwok Ming Fai
Mr. Jochum Siebren Haakma

Company Secretary

Mr. Lee Tak Shing

Authorized Representatives

Mr. Ma Chun Fai
Mr. Lee Tak Shing

Auditors

Li, Tang, Chen & Co.

Investment Manager

Hua Yu Investment Management Limited

Principal Bankers

DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Luso International Banking Limited

Registered Office

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Unit D 6/F Eton Building
288 Des Voeux Road Central
Hong Kong

Principal Registrar

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar

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

Stock Code

Hong Kong Stock Exchange: 356

Company Website Address

[Http://www.dt-capitalhk.com](http://www.dt-capitalhk.com)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2016, DT Capital Limited (the “Company”) and its subsidiaries (the “Group”) recorded profit attributable to equity holders of approximately HK\$5.2 million (2015: HK\$1.6 million). The earnings per share was HK\$0.0027 (2015: HK\$0.0008). Increase in profit in 2016 were mainly caused by an increase in the profit generated from trading of listed securities of approximately HK\$3.6 million and interest income of approximately HK\$2.5 million compared with 2015. In addition, there were no interest expenses in 2016 and 2015. Revenue increase was mainly caused by an increase in gain from the disposal of listed securities approximately HK\$20 million in 2016 while compared with 2015.

Having adopted the advice from Hua Yu Investment Management Limited (the “Hua Yu”), the Company’s investment manager, the Group has successfully completed 4 investment plans in 2016. These included corporate bond, long term equity investment and convertible bond.

Prospects

2016 was a year of lackluster economic growth. Global equities had their worst start in many years, as investors dumped stocks around the world after depreciation of China’s currency against the U.S. dollar in January raised fears its economy was slowing much more sharply than thought. Among advanced economies, output remained below potential, notably in the euro area. However, activity rebounded strongly in the United States after a weak first half of 2016, and the economy is approaching full employment. Also, preliminary third-quarter growth figures were somewhat stronger than previously forecast in some economies, such as Spain and the United Kingdom, where domestic demand held up better than expected in the aftermath of the Brexit vote. Historical growth revisions indicate that Japan’s growth rate in 2016 and in preceding years was stronger than previously estimated.

Looking ahead at 2017, we believe that the global economy will make a recovery from its previous slump. According to the International Monetary Fund (IMF)’s World Economic Outlook (WEO), economic activity for both advanced economies and EMDEs (emerging markets and developing economies) is projected to pick up pace in 2017 and 2018. From the estimated global growth of 3.1% in 2016, the global growth of 2017 is projected to be around 3.4% for advanced economies and 3.6% for EMDEs. However, there is considerable uncertainty about global economy in 2017, in light of the recent unforeseen geopolitical events. With the unclear policy stance of the incoming U.S. administration, and the political discontent boosting anti-establishment forces in countries from the U.K. to the U.S., many new issues could potentially throw the global trade agenda into turmoil.

Europe faces multiple challenges in 2017. The region’s economies continue to be affected by aftershocks from the euro crisis. The European Central Bank has arguably gone about as far as it can to shore up the economy, with interest rates effectively at the zero bound and showing little prospect of following the U.S. Federal Reserve in “normalizing” its monetary policy. Meanwhile, Greece is still struggling to recover from its multiple crises, and renewed tensions over implementation of its reform program can be expected. Additionally, the Brexit process engenders a downside risk that continues to loom over both the U.K. and the rest of the European union.

On the other hand, China’s economy is undergoing unprecedented and profound changes. Even with the global economic slowdown of 2016, China’s economy continued to grow. In the first three quarters of 2016, the Chinese economy grew by 6.7% year-on-year, and its per capita disposable income registered a growth of 6.3%. In the first 11 months of the year, China created 12.49 million new jobs in cities and townships and lifted more than 10 million people out of poverty. In recent times, China’s infrastructure has seen remarkable development, such as the railway extension to the Qinghai-Tibet Plateau, the building of a comprehensive highway network

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

throughout the country, the construction of the Three Gorges Dam and multiple ports that better connect the country with the ocean. Furthermore, the “innovative, coordinated, green, open and shared” development concepts put forward by President Xi are an indication of the country’s further development in the years to come. As for global factors, the evolving Sino-American relationship will most definitely impact key industries from energy to technology in the years to come. Political events such as the Trump presidency and China’s upcoming 19th Party Congress will also have implications for the Chinese economy.

In the past year, we have witnessed Hong Kong stock market take a plunge in early 2016 along with the A shares due to the “Circuit Breaker” measures. Later on, we witnessed a rally lasting for seven months beginning in February. During the period, HSI and HSCEI broke the 24,000 and 10,000 levels respectively. While the Shenzhen-HK Stock Connect commenced in late 2016 did no help to boost the local sentiments, the HK stock market was impacted by the tightening regulation on aggressive insurers in China. On the other hand, major indices in the U.S. all rose to their record highs following the Trump presidency, and the Federal Reserve raised the federal funds rate in December. With so many unpredictable factors, we believe the key to success is in managing risk successfully through diversification and due diligence. In 2017, we will continue our creative yet careful approach to new investments and portfolio management – we will explore new potential areas of investment while exercising due caution where necessary.

Apart from trading of securities, the Management will continue to work together with Hua Yu to increase shareholder’s returns, by exploring various sectors and regions with the aim of finding additional favorable investments that are undervalued and have sustainable income streams.

Financial Review

Financial Resources and Liquidity

As at 31 December 2016, the total equity of the Group amounted to approximately HK\$166.37 million (31 December 2015: HK\$151.36 million).

As at 31 December 2016, the Group maintained a cash position, bank balances and cash amounting to approximately HK\$13.16 million (31 December 2015: HK\$69.29 million).

The Group’s net financial asset investments of approximately HK\$150.15 million as at 31 December 2016 (31 December 2015: HK\$76.24 million).

Gearing Ratio

The Group’s total borrowings comprising the accounts payable and accruals, amounted to approximately HK\$3.63 million as at 31 December 2016 (31 December 2015: HK\$1.21 million).

The Group’s gearing ratio calculated on the basis of total borrowings over the shareholders’ equity of the Company was approximately 2.18% as at 31 December 2016 (31 December 2015: 0.8%).

Final Dividend

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2016 (2015: Nil).

Capital Structure

There was no change to the Group's capital structure for the year ended 31 December 2016.

In 2015, the authorized share capital has been increased from HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 Shares of HK\$0.01 each which has been approved by the shareholder of the Company at the annual general meeting held on 19 June 2015.

Capital Commitment and Contingent Liabilities

As at 31 December 2016, the Group has capital commitment of approximately HK\$10 million (2015: HK\$4.2 million) for long term equity investment and no contingent liabilities.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars. Exposure to foreign currency exchange rates arises out of the Group's oversea investment, Thai Baht. The Group at present does not have any contracts to hedge against its foreign exchange risks.

Share Options

The Company has not adopted any share option scheme.

Employees and Remuneration Policies

As at 31 December 2016, the Group employed a total of 5 employees (2015: 5) including the executive directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

Appreciation

The Board, I would like to take this opportunity to express its appreciation to the staff and management team of the Group for their contribution in 2016 and would like to give my sincere gratitude to the shareholders for their continued support.

By Order of the Board

Chan Pui Kwan

Chairman

Hong Kong, 24 March 2017

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Leung King Yue, Alex (“Mr. Leung”)

Mr. Leung, aged 39, has over 17 years of experience in financial services sector including three years investment banking experience and eleven years of experience in private equity investment and asset management. Mr. Leung is a Responsible Officer of an asset management company, namely JK Capital Management Limited (formerly known as MYM Capital Limited).

Mr. Leung was an Independent Non-Executive Director of China Kingstone Mining Holdings Limited from 14 July 2015 to 16 July 2015 (Stock code: 1380).

Mr. Leung graduated from University of Melbourne in Australia in 1999 with a bachelor degree in Commerce specializing in Economics and Finance. He has been a Chartered Financial Analyst since 2003. Mr. Leung is licensed under the SFO as a Responsible Officer to carry out Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities.

Mr. Leong Chi Wai (“Mr. Leong”)

Mr. Leong, aged 41, has over 19 years of experience in corporate finance, asset management, direct investments and property investments and developments. He is also licensed under the Estate Agents Authority. Mr. Leong is a director and Responsible Officer of Hua Yu Investment Management Limited, the investment manager of the Company since March 2009 to present.

Mr. Leong was an Independent Non-Executive Director of China Kingstone Mining Holdings Limited from 14 July 2015 to 16 July 2015 (Stock code: 1380).

Mr. Leong graduated from the University of Hong Kong with a Bachelor degree in Business Administration (Accounting and Finance). He is licensed under the SFO to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities as a representative since 2003 and as a Responsible Officer since May 2008 to present. He was also licensed to carry out Type 1 (Dealing in Securities) regulated activity from May 2008 to February 2010.

Mr. Lewis Chan (“Mr. Chan”)

Mr. Chan, aged 46, has over 17 years of experience in asset management and investment research. He is the Managing Partner at MaunaKai Capital Partners (Hong Kong) Limited since 2004. Mr. Chan is also a co-founder of Symbior Energy, an alternative energy incubation company. He is currently serving as a non-executive director at D&G Technology Holding Company Limited and an INED at Yuk Wing Group Holdings Limited, both listed on Hong Kong stock exchange. Mr. Chan was formerly assistant professor of finance during 2000 to 2004 and adjunct associate professor of finance from 2004 to 2006 at Hong Kong University of Science and Technology. He was also an advisor during 2009 to 2013 to North Yard Economics, a non-profit consultancy to developing countries.

Mr. Chan was a winner of the Fama-DFA Prize of the Best Papers published in 2003 in the Journal of Financial Economics. He is a research fellow at The China Center for Financial Research at Tsinghua University, and a member of the Admissions, Budgets and Allocations Committee, the Community Chest of Hong Kong. Mr. Chan received his Ph.D. in Economics from Harvard University, a Master degree in economics from Columbia University and a Bachelor of Arts degree in economics from the University of Chicago. He is licensed under the SFO as responsible officer to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

Non-executive Directors

Ms. Chan Pui Kwan (“Ms. Chan”)

Ms. Chan, aged 50, started her career as a corporate banker. Born in Hong Kong, spent her youth and received education in the Netherlands, Ms. Chan returned to her birthplace and started her career in early 90's. She had worked in several prominent European banks, including Rabobank, ABN AMRO, Fortis and established the European desk for these banks to provide support to European companies expanding into China.

In 2002, Ms. Chan started her own company SINOVA to provide advice & support to investors for both inbound and outbound investments. The company employed over 40 professionals with offices in three countries. In 2010, Dutch based financial group ANT acquired SINOVA and Ms. Chan remained as Chief Executive Officer of SINOVA till September 2012.

She is the founder and Chief Executive Officer of Delta-Think (HK) Ltd, which provides business strategy advisory advices to corporations for business expansion in public and private sectors.

Ms. Chan received numerous awards in China, Hong Kong and the Netherlands. In 2006, her owned company “SINOVA Management Consultancy Limited” was awarded “Hong Kong Shooting Star 2006” in the Cathay Pacific China Trade Awards in the Netherlands. In 2009, she was awarded “China Economic Development Forum Outstanding Person” from China Economic Development Forum (“CEDF”) (“中國新經濟發展傑出人物”). In the same year, she was also selected as one of “China’s 100 Outstanding Female Entrepreneurs” (中國百名傑出女企業家) by the China Association of Women Entrepreneurs. In 2010, she was awarded “China’s Economy Industry Promotion Person of the Year Award” (“2010中國經濟優秀人物”) from Xinhua Economic Information Daily of Xinhua News Agency and China International Center for Economic and Technical Exchanges of Ministry of Commerce of the PRC.

Ms. Chan has been active in the community services and held advisory positions in various institutions, including Dutch Chamber of Commerce in Hong Kong, the Shenzhen Association of Trade in Service and the Economic Development Board of Rotterdam in the Netherlands. At present, she is an Adviser for Les Beatitudes Limited which is a social enterprise to support women who want to and need to work in a more flexible arrangement and home environment. She is also one of the General Committee members of the Hong Kong General Chamber of Commerce.

Ms. Chan has grown up from a multi-cultural background and speaks several European languages. She graduated from Rotterdam Business School with a bachelor degree in banking and insurance in 1991.

She is licensed under the SFO as a representative of Hua Yu Investment Management Limited to carry out Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities since 2015.

Mr. Ma Chun Fai (“Mr. Ma”)

Mr. Ma, aged 46, has over 15 years of experience in private equity investment, mainly in real estate and hospitality sectors. He was involved in a number of investment projects in Hong Kong, China and South East Asian regions, including (i) a bio-tech project that involves co-investment with another listed company in Hong Kong; (ii) an advanced IT platform company in Singapore; and (iii) real estate projects in China and Indonesia.

Mr. Ma graduated with a BSc (Hons) degree in Management Sciences from the London School of Economics and Political Science in UK.

He is licensed under the SFO as a representative of Hua Yu Investment Management Limited to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities since 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

Independent Non-executive Directors

Mr. Lo Chi Ming, Erik (“Mr. Lo”)

Mr. Lo, aged 52, is a solicitor of the High Court of Hong Kong with over 20 years of experience in private practice. Mr. Lo is currently a consultant at Messrs. Wat & Co., Solicitors and possessed 6 years of experience in the banking sector and was elected as an Associate of the Chartered Institute of Bankers.

Mr. Lo was an independent non-executive director of China Investment and Finance Group Limited from October 2010 to April 2014, a company listed on the Main Board of the Stock Exchange (Stock code: 1226).

Mr. Lo holds a Bachelor of Social Sciences degree and Postgraduate Certificate in Laws from the University of Hong Kong and a diploma in Chinese Laws from the SouthWest University of Political Science & Law in the PRC.

Mr. Jochum Siebren Haakma (“Mr. Haakma”)

Mr. Jochum Siebren Haakma, aged 67, a lawyer and former career diplomat and an expert in the field of Trade and investment Promotion, was from 1978 assigned to a number of Dutch Embassies abroad (Rome, Lusaka, Bonn), in 1986 as Commercial and Economic Counsellor to The Netherlands Embassy in Jakarta and in 1989 in the private sector (leave of absence) as Director of the Indonesian Netherlands Association (de facto’ Ind.-NL C.O.C) in Jakarta.

From 1993-1997 Mr. Haakma was the Managing Director of the Centre for the Promotion of Imports from Developing Countries (CBI) in Rotterdam, which is an Agency under the Ministry of Foreign Affairs of the Netherlands. In this function he acted as permanent Vice-Chairman of the FORUM of the European Trade Promotion Organisations including as members also the European Commission (Directorate General I and Directorate General VIII) and The International Trade Centre (ITC, UNCTAD/WTO) in Geneva.

In 1995 he followed a post-doctorate course at Harvard Business School.

From 1997 until 2002 he served as Consul-General of Netherlands in Hong Kong/Macao and from 2002 until 2006 as Consul-General in Shanghai. In 2006 he was appointed Managing Director of the Netherlands Foreign Investment Agency (NFIA) under the Ministry of Economic Affairs in The Netherlands, responsible for attracting investments to the Netherlands with an international network of 24 NFIA offices around the world.

In September 2007 he moved to the private sector and was appointed Global Executive Director Business Development of the TMF Group BV in Amsterdam, where he is responsible for the Business Development and Branding of TMF Group on a global scale. TMF Group helps global companies expand and invest seamlessly across international borders. With operations in more than 85 countries and with HQ in Amsterdam providing outsourced compliance services, TMF Group is the global expert that understands local needs.

Concurrently he is the Chairman of the Executive Board of the NCH (Netherlands Council for Trade Promotion), Chairman of the China Business Council of the NCH and former Chairman of the China Group of the HFC (Holland Financial Centre). Furthermore, he is the Vice President of the Board of the AmCham, Vice Chairman of the Board of ENACTUS Netherlands, Chairman of the board of The EU-China Business Association (EUCBA) in Brussels, member of the International Advisory Board of Nyenrode University, Advisory Board Member of ChinaLux in Luxembourg and Advisory Member of a number of China related institutions (a.o. Young Dragon Business Club, Cathay Pacific Trader Awards). In 2013 & 2014 he was speaker at the World Chinese Economic

BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

Forum in Chongqing, in 2015 and 2016 speaker at the International Capital Conference (ICC) in Beijing and a frequent guest speaker or commentator in the media on Far East related affairs. For many years he wrote a monthly column about cultural differences in the China Times and is former Chief Advisor Public Affairs European Region for Huawei Technologies Co Ltd., the second biggest telecom infrastructure supplier in the world.

Mr. Haakma is founder & honorary member for life of the Dutch CEO lunch in Shanghai and honorary member for life of the Foreign Correspondents Club (FCC) in Hong Kong.

In 2012 he received an honorary Doctorate Degree of the European University in Barcelona (Spain).

Mr. Haakma is founder and owner of Haakma Consultancy since 2015.

Mr. Kwok Ming Fai (“Mr. Kwok”)

Mr. Kwok, aged 52, possesses over 19 years of experience in banking, finance and accounting and held executive positions at several international financial institutions, accounting firm and listed companies. Mr. Kwok obtained a Bachelor Degree in Accounting & Economics from the University of Sheffield in the United Kingdom and a Master Degree in Business Administration from the University of Adelaide in Australia. He is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok is currently an Executive Director of Zhongda International Holdings Limited (stock code: 909) and On Real International Holdings Limited (stock code: 8245). Mr. Kwok was also an Independent Non-Executive Director of Winshine Science Company Limited (formerly known as Winshine Entertainment & Media Holding Company Limited) (stock code: 209) from October 2009 to November 2014.

Mr. Kwok was appointed as an Independent Non-Executive Director of the Company on 4 September 2007.

REPORT OF THE DIRECTORS

The board of directors (the "Board") has pleasure in presenting their report and the audited consolidated financial statements for the year ended 31 December 2016.

Principal Activities and Business Review

The principal activities of the Company and its subsidiaries during the year were investment holding. Discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance are set out on pages 3 to 5 and pages 20 to 22. This discussion forms part of the report of directors.

Segmental Information

The Group's revenue and contribution to operating results were all derived from investments in listed and unlisted companies in Hong Kong.

Property, Plant and Equipment

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

Subsidiaries

Details of the Company's subsidiaries at 31 December 2016 are set out in note 16 on the consolidated financial statements.

Share Option

The Company has not adopted any share option scheme.

Directors' Remuneration

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. In addition, the Directors' remuneration is reviewed by the Remuneration Committee annually.

Results and Appropriations

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016. No interim dividend was declared during the year.

Share Capital

Details of the movements in the Company's share capital during the year are set out in note 23 on the consolidated financial statements. As at 31 December 2016, the Company has an authorized share capital of HK\$40,000,000 divided into 4,000,000,000 shares of HK\$0.01 each.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below. This summary does not form part of the audited financial statements.

Results

	1/1/2016 — 31/12/2016	1/1/2015 — 31/12/2015	1/1/2014 — 31/12/2014	1/1/2013 — 31/12/2013	1/1/2012 — 31/12/2012
	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue	61,934,594	41,095,485	182,016	182,016	190,960
Profit/(Loss) before taxation	5,207,002	1,582,664	(3,742,514)	(6,664,875)	(3,927,748)
Taxation	—	—	—	—	—
Net profit/(loss) attributable to shareholders	5,207,002	1,582,664	(3,742,514)	(6,664,875)	(3,927,748)

Assets and Liabilities

	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
	HK\$	HK\$	HK\$	HK\$	HK\$
Total assets	170,001,003	152,569,248	151,696,530	5,463,926	5,642,808
Total liabilities	(3,634,983)	(1,211,692)	(1,921,638)	(33,916,009)	(27,430,016)
Net assets/(liabilities)	166,366,020	151,357,556	149,774,892	(28,452,083)	(21,787,208)

Reserves

Movements in the reserves of the Group and the Company during the year are set out in notes 24 and 30 on the consolidated financial statements.

The Company's reserves available for distribution represent the share premium and retained profits under the Companies Law of the Cayman Islands. The share premium of the Company is available for paying dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can be distributed out of the share premium and retained profits of the Company which in aggregate amounted to approximately HK\$145,238,000 (2015: HK\$137,891,000) as at 31 December 2016.

Major Customers and Suppliers

A substantial portion of the Group's income is derived from the Group's investments and the disclosure of information regarding customers would not be meaningful. The Group has no major suppliers requiring disclosure.

Purchase, Sale or Redemption of the Company's Listed Shares

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2016.

Directors

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

Executive Directors

Mr. Leung King Yue, Alex
Mr. Leong Chi Wai
Mr. Lewis Chan

Non-executive Directors

Ms. Chan Pui Kwan (*Chairman*)
Mr. Ma Chun Fai

Independent Non-executive Directors

Mr. Kwok Ming Fai
Mr. Lo Chi Ming
Mr. Jochum Siebren Haakma

In accordance with Article 88 of the Company's Articles of Association, Ms. Chan Pui Kwan, Mr. Kwok Ming Fai ("Mr. Kwok") and Mr. Jochum Siebren Haakma shall retire by rotation from office and, being eligible, offer themselves for re-election. All other directors continue in office.

The term of office of each of the non-executive directors and independent non-executive directors lasts until his/her retirement by rotation once every three years in accordance with the Company's Articles of Association.

The Company received confirmation of independence in respect of the year ended 31 December 2016 from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Mr. Kwok has served as an independent non-executive director of the Company for more than 9 years. During his years of appointment, Mr. Kwok has demonstrated his ability to provide an independent view to the Company's matters. Other than the provision of such independent view, Mr. Kwok had not been involving in the management or operation of the Company. Notwithstanding his years of service as an independent non-executive director of the Company, the Board is of the view that Mr. Kwok is able to continue to fulfill his role as required and thus recommends him for re-election as an independent non-executive director. Up to and as at the date of this report, the Company still considers the independent non-executive directors to be independent.

Directors' Service Contracts

None of the directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Permitted Indemnity Provision

During the year, the Company has arranged directors' and officers' liabilities insurance cover to indemnify the directors against claims, costs, charges and expenses arising out of the Group's business and activities.

Directors' Interests in Transaction, Arrangement or Contract

In the opinion of the Board, save as disclosed below, there were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 December 2016, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

Long position in shares of the Company

Name of director	Number of shares				Total	Percentage of issued share capital
	Personal interests	Family interests (interest of spouse)	Corporate interests	Other interests (interest in controlled corporation)		
Leung King Yue, Alex (Note 1)	—	—	960,500,000	—	960,500,000	50.56%
Chan Pui Kwan (Note 2)	—	—	—	254,500,000 (Note 2)	254,500,000	13.40%
Ma Chun Fai (Note 3)	—	254,500,000 (Note 3)	—	—	254,500,000	13.40%

REPORT OF THE DIRECTORS (CONTINUED)

Note:

1. As at 31 December 2016, Mr. Leung King Yue, Alex, through his 100% equity interest in Hugo Lucky Limited held 960,500,000 shares of the Company, representing approximately 50.56% of the entire issued share capital of the Company. Mr. Leung King Yue, Alex was appointed as Director with effect from 7 July 2014.
2. Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan and 30% by Wu Weihong, Tony.

As at 31 December 2016, Ms. Chan Pui Kwan, is interested in 70% of the share capital of Fame Image Limited, which then owned 50% of the share capital of Sharp Years Limited, which in turn is holding 254,500,000 shares of the Company. Accordingly, she is deemed to be interested in 254,500,000 shares of the Company, representing approximately 13.40% of the entire issued share capital of the Company. Ms. Chan Pui Kwan was appointed as Director with effect from 7 July 2014.

3. Long Surplus International Limited is interested in the remaining 50% of the share capital of Sharp Years Limited, and it is beneficially and ultimately owned as to 66.67% by Ms. Ho Hoi Yee, Wisery and 33.33% by Ms. Lai Tsui Har.

As at 31 December 2016, Ms. Ho Hoi Yee, Wisery, the spouse of Mr. Ma Chun Fai, is interested in 254,500,000 shares through her interest in 66.67% of the share capital of Long Surplus International Limited and which in turn owned 50% of the share capital of Sharp Years Limited. Accordingly, Mr. Ma Chun Fai is also deemed to be interested in 254,500,000 Shares of the Company, representing approximately 13.40% of the entire issued share capital of the Company.

Save as disclosed above, at no time during the year ended 31 December 2016 was the Company, its subsidiaries, or its associates a party to any arrangement to enable the directors or chief executives of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholder's Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2016, the following persons or corporations, other than the interest disclosed above in respect of the directors, interested in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Long positions in shares of the Company

Name of shareholders	Number of issued ordinary shares held	Approximate percentage of total issued ordinary shares
Hugo Lucky Limited (Note 1)	960,500,000	50.56%
Sharp Years Limited (Note 2)	254,500,000	13.40%
Long Surplus International Limited (Note 2)	254,500,000	13.40%
Fame Image Limited (Note 2)	254,500,000	13.40%
Ho Hoi Yee, Wisery (Note 2)	254,500,000	13.40%
Lai Tsui Har (Note 2)	254,500,000	13.40%
Wu Weihong, Tony (Note 2)	254,500,000	13.40%

Notes:

- Hugo Lucky Limited is wholly-owned by Mr. Leung King Yue, Alex, an executive Director.
- Sharp Years Limited is owned as to 50% by Long Surplus International Limited and 50% by Fame Image Limited respectively. Long Surplus International Limited is beneficially and ultimately owned as to 66.67% by Ms. Ho Hoi Yee, Wisery and 33.33% by Ms. Lai Tsui Har. Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan, a non-executive Director and 30% by Mr. Wu Weihong, Tony.

Save as disclosed above, as at 31 December 2016, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

Directors' Interest in Competing Business

None of the Directors is interested in any business apart from the Group's interests, which competes or is likely to compete, either directly or indirectly with the Group's business.

Continuing Connected Transactions

- a) The Company and Hua Yu, the investment manager in which a director of the Company, Mr. Leong Chi Wai, is also a director and shareholder of the investment manager, had entered into an investment management agreement on 28 May 2014 for the service period of three years to 31 May 2017. Monthly investment management fee is payable quarterly at 1.5% of the Gross Net Asset Value (NAV) per annum, calculated as the arithmetical average of the published Gross NAV on the last day of each calendar month during each relevant year.

In addition to the above management fee, a performance fee is payable annually at 15% on the amount of audited consolidated NAV of the Company (calculated as at the end of each respective financial year) exceeding the High Watermark as at the financial year, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the Gross NAV.

The annual cap for the management fee and performance fee for the seven months ended 31 December 2014, years ended 31 December 2015 and 31 December 2016 and the five months ending 31 May 2017 are HK\$3,050,000, HK\$10,000,000, HK\$12,500,000 and HK\$1,800,000 respectively. These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

- b) The Company entered corporate financial advisory agreement with Hua Yu on 28 May 2014 for corporate finance advisory service in relation to the compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited. The investment manager is entitled to a monthly fee of HK\$30,000 for its services pursuant to the corporate financial advisory agreement.

The annual cap for the corporate finance advisory fee for the seven months ended 31 December 2014, years ended 31 December 2015 and 31 December 2016 and the five months ending 31 May 2017 are HK\$210,000, HK\$360,000, HK\$360,000 and HK\$150,000 respectively. These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

- c) Pursuant to a custodian agreement dated 30 June 2009 between the Company and a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group.

The custodian is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

REPORT OF THE DIRECTORS (CONTINUED)

The independent non-executive directors have reviewed the continuing connected transactions as disclosed above and have confirmed that the continuing connected transactions have been entered into:

- i) in the ordinary and usual course of business of the Group;
- ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the continuing connected transactions during the year as disclosed above and confirmed that these transactions:

- i) were approved by the Board;
- ii) where applicable, were in accordance with the pricing policies of the Company;
- iii) had been entered into in accordance with the relevant agreements governing the transactions; and
- iv) have not exceeded the caps stated in the relevant announcement.

Management Contracts

Details of the significant management contracts in relation to the Company's business are included in note 29 on the consolidated financial statements.

Save as disclosed above, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders under the Company's Memorandum and Articles of Association and the Companies Laws of the Cayman Islands.

Audit Committee

The Company has established an audit committee according to "A Guide for the Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee had also reviewed the annual results of the Group for the year ended 31 December 2016 in conjunction with the Company's external auditors.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

Relationships with Stakeholders

Our Group understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the Year, there was no material and significant dispute between our Group and its business partners or bank enterprises.

Compliance with laws and regulations

The Company operates in Hong Kong and is governed by the regulatory requirements set by the Hong Kong Listing Rules, and other relevant laws and regulations in Hong Kong. Its compliance obligations are guided by comprehensive policies and procedures covering ethics, business conduct and anti-corruption.

The directors of the Company confirmed that the Company has complied with the regulatory requirements set by the Hong Kong Listing Rules and other relevant laws and regulations in Hong Kong.

Principal risks and uncertainties

Major events affecting either economic or political stability could pose as risks and uncertainties for the Company. Economic events could include recessions that would have an impact on the Company's revenue, operating costs and profitability.

Political risk includes changes in the regulatory environment in which the Company operates.

The directors of the Company are continuously vigilant towards changes in general economic and political situations and constantly seeking to identify new and emerging risks at the earliest opportunity in order to mitigate risks and uncertainties.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

Auditors

During the year of 2014, W.H. Tang & Partners CPA Limited resigned as auditors of the Company and Li, Tang Chen & Co. were appointed by the Board to fill in such casual vacancy. Save as disclosed, there has been no other change of auditors in the past three years.

Messrs. Li, Tang, Chen & Co. retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Pui Kwan

Chairman

Hong Kong, 24 March 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

DT Capital Limited (the “Company”) is an investment company that holds and maintains a diversified portfolio of listed and unlisted companies. As an investment company, the Company does not actively participate in the operation of its subsidiaries, but actively optimizes its portfolio composition to simultaneously maximize shareholder return and enable the development of sustainable corporations. By striking a balance between the interests of shareholders and the community, the Company continues to fulfill its corporate social responsibility.

Standard of Employment

The Company has and continues to comply with the applicable employment-related laws and regulations currently in force in Hong Kong. It does not employ anyone less than 18 years of age. To all its employees, it provides rights and benefits which are at least or more than those required statutorily. Monthly salary payments are made on time according to respective employment contract, and the Company’s contributions to the defined contribution retirement scheme it operated under the Mandatory Provident Fund Scheme are made by each monthly contribution day.

Working Conditions

The Company strongly believes and recognizes that having a positive environment is conducive to motivate employees. It is committed to complying with the laws relating to anti-discrimination and equal opportunities promotion. It also strives to provide a pleasant, safe and healthy workplace for its employees to encourage the development of stronger interpersonal bond.

Employee Care, Development and Training

The Company strives to provide a fair and respectful working environment for its employees. Its policies and guidelines on recruitment and promotion are formulated based on the principles that:

- the Company is an equal opportunity employer;
- the Company is against any act of discrimination on the basis of gender, age, race, etc.; and
- the Company makes decisions relating to the engagement and promotion of employees based on employees/candidate performance.

Remuneration, working hours, leaves and other fringe benefits

- Remuneration and benefit packages are determined with reference to the position, skills, capability and performance of employees;
- Remuneration is adjusted based on local applicable regulations on minimum wages;
- Working hours, leaves and other fringe benefits are in line with industry practice and/or (if applicable) adjusted based on experience, qualifications and seniority of employees; and
- An equitable reward system is in place.

During the year under review, there was no material breach of applicable laws and/or regulations by the Company.

The Company supports and encourages its employees to develop and enhance their professional knowledge and skills to cope with the evolving market environment and compliance level. On top of on-the-job training, the Company actively encourages and provides opportunities for its employees to take external professional training to strengthen work-related expertise.

Compliance with Laws and Regulations

The Company has established policies and procedures on compliance with laws and regulations, and its employees are required to adhere to high standards of business and professional and ethical conduct. The Company's policy requires its employees to fully comply with all applicable laws and regulations.

Anti-corruption

The Company is committed to ensuring that no bribes, payment or advantages are solicited from or given or offered to any persons, whether in the public or private sector, for any purpose, which can ensure the strict adherence to the Prevention of Bribery Ordinance. The Company regards honesty, integrity and fair play as the core values that must be upheld by its employees at all times.

During the reporting period, the Company had no legal cases regarding corrupt practices brought against the Company or its employees.

Emissions and Use of Resources

The Company's operation is mainly office-based and the Company is committed to minimizing the impact of businesses on the environment through adopting eco-friendly measures at the office. For example, employees are encouraged to reduce paper consumption by double-sided printing and reusing papers printed on one side.

In terms of energy saving measures, there are a number of good practices as follows:

- Employees are reminded to switch off lights and air-conditioning in the meeting room and the computer at the workstation when not in use;
- Room temperature is maintained at suitable levels whenever possible to save energy; and
- Conference calls instead of face-to-face meetings are arranged where possible.

The Company is dedicated to maintaining the measures above while continuing to explore other ecofriendly initiatives.

Relationship with Shareholders

The Board takes its fiduciary role seriously and is committed to maintaining a high standard of business integrity and transparency in its business practice. To understand its major stakeholders' needs and expectations, the Company has designated an open channel of communication with its shareholders (the "Shareholders") and an email account is dedicated to communication with stakeholders on the Company website.

Community

The Company is fully aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. In this aspect, the Company and its Investment Manager seek out suitable partners that support community and environmental programs which align with the Company's missions and values.

The Company believes the best way to serve the community is to drive positive impact through its investment portfolio. To create shared values with the community and stakeholders, the Company will continue to consider ESG factors in selecting future investment projects.

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

The Board of directors of the Company (the "Board") understands that sound corporate governance practices is fundamental to maintaining and promoting the confidence of shareholders.

The Board is committed to maintaining and ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the "Group") from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

Corporate Governance Code Compliance

The Board has applied the principles and complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") for the year ended 31 December 2016, save and except for the deviations of the following:

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. Two independent non-executive directors were unable to attend the annual general meeting ("AGM") of the Company held on 17 June 2016 due to their other business engagements.

Apart from the above-mentioned deviations, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting those in the code provision. The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirement of the Listing Rules.

Directors' Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transaction by the directors (the "Model Code"). Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standards as set out in the Model Code during the year.

Corporate Governance Principles and Practices

The Board

The Board's primary responsibilities are to formulate the Company's long-term corporate strategy, to oversee the management of the Group, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board.

In addition, the Board has also established Board Committees and has delegated to these Board Committees various responsibilities set out in their terms of reference respectively.

Board Composition

The Board currently comprises eight directors ("Directors") in total, with three Executive Directors ("ED"), two Non-Executive Directors ("NEDs") and three Independent Non-Executive Directors ("INEDs"). The composition of the Board during the year and up to the date of the report is set out as follows:

EDs:	Mr. Leung King Yue, Alex Mr. Lewis Chan Mr. Leong Chi Wai
NEDs:	Ms. Chan Pui Kwan (<i>Chairman</i>) Mr. Ma Chun Fai
INEDs:	Mr. Kwok Ming Fai Mr. Lo Chi Ming Mr. Jochum Siebren Haakma

The names and biographical details of each director are disclosed on pages 6 to 9 of this annual report. All Directors have confirmed that they have taken an active interest in the Company's affairs and obtained a general understanding of its business.

Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Ms. Chan Pui Kwan acted as the Chairman of the Board. The Company does not have the title of "Chief Executive" but instead, its duties are performed by the executive Director.

The Chairman focus on overall corporate development and strategic direction of the Group and oversees the efficient functioning of the Board. The executive Directors are responsible for all daily management including planning and developing the Group's strategy. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority. The Company shall ensure and facilitate each Director to take an active interest in the affairs of the Group so that each Director could make positive contribution to the Group.

Independent Non-Executive Directors

The board spectrum of background of the INEDs is valuable on the diversified perspectives of the Board. The INEDs bring a wide range of business, legal and financial expertise, experiences and independent judgement to the Board.

During the year of 2016, the Board at all times met the requirements of Rule 3.10(1) and Rule 3.10(2) of the Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. In compliance with Rule 3.10A of the Listing Rules, INEDs represented at least one-third of the Board throughout the year ended 31 December 2016.

The Company has received a written annual confirmation from each INED of his independence pursuant to the requirements of Rule 3.13 of the Listing Rules, which confirmed to the Company that he has met the independence guidelines set out in the Listing Rules. Mr. Kwok has served as an independent non-executive director of the Company for more than 9 years. During his years of appointment, Mr. Kwok has demonstrated his ability to provide an independent view to the Company's matters. Other than the provision of such independent view, Mr. Kwok had not been involving in the management or operation of the Company. Notwithstanding his years of service as an Independent Non-executive Director of the Company, the Board is of the view that Mr. Kwok is able to continue to fulfill his role as required and thus recommends her for re-election as an independent non-executive Director. The Company also considers that they are independent.

Mr. Kwok Ming Fai has been serving as INED for more than 9 years. Pursuant to code A.4.3 of the CG Code, his further appointment should be subject to the passing of a separate resolution by the shareholders at the forthcoming annual general meeting of the Company.

Board Diversity Policy

The Company adopted a Board diversity policy which became effective in September 2013. The Company seeks to achieve board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on merits, and the selection of candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Directors' Continuous Professional Development

Each newly appointed Director receives an induction package from the Company's legal advisor on the first occasion of his/her appointment. This induction package is a comprehensive, formal and tailored induction the responsibilities and on-going obligations to be observed by a director pursuant to the Companies Ordinance, Listing Rules and Securities and Futures Ordinance.

During the year, all the Directors had received training/briefing which covered topics in Directors' duties and liabilities, continuing obligations of a listed company, corporate governance and compliance issues after their appointments. Besides, the Company will arrange and fund suitable training for Directors in order to develop and refresh their knowledge and skills.

Function

The overall management of the Group's operation is vested in the Board. The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Board has to make decisions objectively in the interests of the Company and its Shareholders as a whole. The Board has established procedures to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Group are delegated to the senior management of the Group. The delegated functions and work tasks are periodically reviewed. Pursuant to the levels of authority approved by the Board, the senior management executes day-to-day operations unless the subject matter exceeds the authority granted by the Board or relates to any matters specifically reserved to the Board, they would seek approval from the Board.

Board Meetings/General meetings

The Board meets regularly to discuss the investment strategy as well as operation and financial performance of the Group, and to review and approve the Group's annual and interim results and other ad hoc matters. Notice, agenda and Board papers of Board and committee meetings are served to all Directors prior to the meeting in accordance with the Company's Articles of Association and the CG Code requirement (except under emergency situation). Extraordinary and Annual General Meeting schedules and draft agenda are made available to the Directors in advance. Details of individual attendance of Directors at the meetings of the Board, Remuneration Committee, Audit Committee, Nomination Committee and Annual General Meeting are set out in the table below:

	Number of meetings attended/Number of meetings held				
	Board Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Leung King Yue, Alex	10/10	1/1		1/1	1/1
Mr. Lewis Chan	9/10				1/1
Mr. Leung Chi Wai	6/10				1/1
Non-executive Directors					
Ms. Chan Pui Kwan	10/10				1/1
Mr. Ma Chun Fai	10/10				1/1
Independent non-executive Directors					
Mr. Kwok Ming Fai	2/10	1/1	3/3	1/1	1/1
Mr. Lo Chi Ming	2/10	1/1	3/3	1/1	0/1
Mr. Jochum Siebren Haakma	1/10	0/1	0/3	0/1	0/1

Board Committees

The Board has established (i) Remuneration Committee; (ii) Nomination Committee; and (iii) Audit Committee, with defined terms of reference. The terms of reference of the Board committees which explain their respective roles and the authority delegated to them by the Board are posted on the websites of The Hong Kong Exchange and Clearing Limited (“HKEx”) and the Company. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company’s expenses.

Remuneration Committee

The current Remuneration Committee comprises of one executive director, Mr. Leung King Yue, Alex and three independent non-executive directors, Mr. Kwok Ming Fai and Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma. It is chaired by Mr. Kwok Ming Fai.

The Remuneration Committee has adopted the operation model where it performs to make recommendations to the Board on the Company’s policy and structure for all Director’s and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee’s responsibilities are to review and consider Company’s policy for remuneration of Directors and senior management, to determine remuneration packages of executive Directors including benefits in kind, pension rights and compensation payments, and to recommend to the Board remuneration of independent non-executive Directors.

Set out below is the summary of work of the Remuneration Committee done in 2016:

- to review and make recommendations to the board on remuneration package for the EDs, NEDs and the INEDs;
- to explore the feasibility in setting up a share option scheme in the foreseeable future; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2016, the Remuneration Committee had held 1 meeting and the Remuneration Committee has reviewed the share option scheme and remuneration policy and structure relating to Directors and senior management of the Group.

Audit Committee

The current Audit Committee comprises of three independent non-executive Directors, namely, Mr. Kwok Ming Fai, Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma. It is chaired by Mr. Kwok Ming Fai. It reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal controls, to protect the interests of the Company's shareholders.

The major roles and functions of the Audit Committee of the Company are as follows:

- to review and monitor the integrity of the Group's financial statements, annual report and interim report, and to review significant financial reporting judgements contained therein;
- to review the Group's financial and accounting policies and practices;
- to review the financial controls, internal control and risk management systems;
- to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to report to the Board on the matters set out in the code provision relating to Audit Committee as set out in the CG Code; and
- to review the Company's policies and practices on corporate governance and training and continuous professional development of Directors and senior management.

During the year ended 31 December 2016, the Audit Committee had held 3 meetings and the Audit Committee reviewed the interim and annual results, and the interim and annual reports; term of reference of Audit Committee; met with external auditor to ensure appropriate accounting principles and practices adopted by the Group; and assisted the Board in meeting its responsibilities for maintaining an effective system of internal control and risk management.

Nomination Committee

The current Nomination Committee comprises of one executive director and three independent non-executive Directors. They are Mr. Leung King Yue, Alex, Mr. Lo Chi Ming, Mr. Kwok Ming Fai and Mr. Jochum Siebren Haakma. The Nomination Committee is chaired by Mr. Lo Chi Ming.

The major roles and functions of the Nomination Committee of the Company are as follows:

- to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; and
- to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board.

During the year ended 31 December 2016, the Nomination Committee had held 1 meeting and the Nomination Committee has reviewed the structure, size and composition of the Board, and the independence of independent non-executive Directors.

Corporate Governance Function

The Board is responsible for performing the corporate governance duties of the Company, including:

- i. to develop and review the Group's policies and practices on corporate governance;
- ii. to review and monitor the training and continuous professional development of the Directors and senior management;
- iii. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; and
- iv. to review the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

Responsibilities in Preparing the Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2016.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independence Auditor's Report on pages 33 to 37.

Internal Control and Risk Management

The Company places great importance on internal control and risk management.

The Company has engaged external independent CPA to evaluate the effectiveness of the internal control regarding the compliance with the Listing Rules. During the year, based on the above evaluation, the Company complied with the code provisions on internal controls as stipulated in the CG Code. The Board has conducted a review of the internal control and risk management system of the Group and considered that the internal control and risk management system of the Group has been implemented effectively. There has no significant areas of improvement which are required to be brought to the attention to the members of the Audit Committee are revealed.

The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss; to manage rather than completely eliminate the risk of system failure; and to assist in the achievement of the Group's agreed objectives and goals.

The Group's risk management system is designed to manage the risk associated with its business and operations; to identify the risk that could affect the achievement of business objective; to analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly; and to ensure effective communication to the Board and on-going monitor the residual risk.

The Board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Company. These include strategic planning, political and regulatory, acquisitions, investments, expenditure control, treasury and environment.

The Audit Committee has reviewed the internal control and risk management system and discussed the assessment bases with the management, and concurred that the Company has set up an effective internal control and risk management system to safeguard the assets of the Group.

Listing Rules Compliance

Throughout the year, the Group has fully complied with the Listing Rules requirements. Financial Reports, announcements and circulars have been prepared and published in accordance with the requirements of the Listing Rules.

Auditor's Remuneration

Audit Committee of the Company reviews the terms of appointment of the external auditor each year. The review includes their independence, the scope of their audit, their audit fees, and the scope and professional fees for any non-audit services.

For the year ended 31 December 2016, services provided to the Company by its external auditor and the respective fees paid were:

	2016
	<i>HK\$</i>
Audit services	220,000
Non-audit services	17,580
	237,580

Company Secretary

Mr. Lee Tak Shing ("Mr. Lee") is the Company Secretary of the Company. Mr. Lee is appointed by the Board and is an employee of the Company. He has day-to-day knowledge of the Group's affairs.

He coordinates and supplies of information to the Board and also ensures that board policy and procedures are followed for all board meetings. He is also responsible for advising the Board on corporate governance and the implementation of the CG Code. He has taken no less than 15 hours of the relevant professional training during the year ended 31 December 2016.

Communication with Shareholders

The Board recognizes the importance of good communication with Shareholders and highly respects the Shareholders' right to express their view and appreciates their suggestions to the Company.

The Company uses a number of formal communication channels to deliver the information to Shareholders in a timely manner for assuring the Shareholders are kept well informed of the Company's key business imperatives. These include general meetings, interim and annual reports, various announcements and circulars. The Company's website offers a communication channel between the Company and the Shareholders as the website be updated with published information of the Group.

Voting by poll

Procedure for voting by poll has been included in all circulars accompanying notice convening general meeting and has been read out by the chairman at general meeting.

The voting procedures for demanding a poll by shareholders were written in the 2016 annual general meeting (the "AGM") circular, and the voting procedures were explained in the AGM.

Investor Relations

The Company shall, for the purpose to keep its shareholders duly informed of their rights, publish from time to time the updated Articles of Association of the Company in a consolidated form on the Company's website and the HKEx's website.

During the year 2016, there had been no significant change in the Company's constitutional documents.

Procedures for Requisitioning an Extraordinary General Meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Articles of Association of the Company or the Cayman Islands Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised). However, according to the Articles of Association of the Company, any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, by written requisition to the board or the company secretary of the Company at the principal place of business in Hong Kong, to request to convene an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after deposit of such requisition. Any general meeting at which the passing of a special resolution is to be considered shall be called by not less than 21 clear days' notice, whilst others may be called by not less than 14 clear days' notice. If within 21 days of such deposit the Board fails to proceed to convene such meeting the shareholder(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the shareholder (s) as a result of the failure of the Board shall be reimbursed to the shareholder(s) by the Company.

Procedures for Sending Enquiries to the Board

Shareholders may send written enquires to the Company, for the attention of Company Secretary, by fax (852) 27786178 or mail to Unit D, 6/F Eton Building, 288 Des Voeux Road Central, Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, and inquiries to the executive Directors of the Company.

On behalf of the Board

Chan Pui Kwan

Chairman

Hong Kong, 24 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DT CAPITAL LIMITED

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of DT Capital Limited ("the Company") and its subsidiaries ("the Group") set out on pages 38 to 88, which comprise the consolidated statements of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters Identified in Our Audit Are Summarised as Follows:

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and impairment of interest in an associate</p> <p>Refer to note 17 on the consolidated financial statements.</p> <p>The carrying value of interest in an associate was HK\$10,470,265 as at 31 December 2016. It included Group's share of net assets of the associate of HK\$1,875,489 and amount due from an associate of HK\$8,594,776.</p> <p>The interest in associate was accounted for using equity method with reference to the unaudited management accounts obtained from this associate.</p> <p>The recoverability of interest in an associate is assessed by the management through the application of judgement and use of subjective assumptions.</p>	<p>Our procedures in relation to management's assessment of the valuation and impairment of interest in an associate included:</p> <ul style="list-style-type: none">— Reviewing contracts and relevant documents to ensure their reliability.— Evaluating the management judgement and assumptions on the recoverability of interest in an associate.— Assessing the management's key assumptions with reference to the current market condition.— Considering the potential impact of reasonably possible downside change in these key assumptions. <p>We found the management conclusion to be consistent with the available information.</p>
<p>Valuation of unlisted financial assets at fair value through profit or loss</p> <p>Refer to notes 8 and 20 on the consolidated financial statements</p> <p>The Group's unlisted financial assets at fair value through profit or loss represented unlisted convertible bonds which were carried at fair value of HK\$35,250,000 as at 31 December 2016.</p> <p>Management determined the fair value of unlisted convertible bonds with reference to its short-term nature and the market condition at the end of the reporting period. The valuations are dependent on certain key assumptions that require significant management judgement.</p>	<p>Our procedure in relation to management's valuation of unlisted financial assets at fair value through profit or loss included:</p> <ul style="list-style-type: none">— Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the financial market. <p>We found that the key assumptions were supported by the available evidence and the valuation is acceptable.</p>

Other Information in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify, our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wan Hing Chuen.

Li, Tang, Chen & Co.

Certified Public Accountants (Practising)

10/F Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

24 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	<i>Note</i>	2016 HK\$	2015 HK\$
Revenue	9	61,934,594	41,095,485
Cost of listed equity securities disposed of		(27,616,032)	(10,852,555)
Cost of unlisted debt securities redeemed		(30,000,000)	(30,000,000)
Other gain	10	3,500,943	2,095,133
Other income	10	9,373,340	6,678,462
Gain on bargain purchase of a subsidiary	25	—	985,562
Share of results of an associate		122,622	815,866
Impairment loss on available-for-sale financial assets		(2,000,000)	—
Administrative and other operating expenses		(10,108,465)	(9,235,289)
Profit before taxation	11	5,207,002	1,582,664
Income tax expense	13(a)	—	—
Profit for the year attributable to equity holders of the Company		5,207,002	1,582,664
Other comprehensive income			
Items that may be reclassified subsequent to profit or loss:			
Fair value changes on available-for-sale financial assets		9,801,462	—
Total comprehensive income attributable to equity holders of the Company		15,008,464	1,582,664
Earnings per share			
Basic and diluted	14	0.0027	0.0008
Dividend		Nil	Nil

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 HK\$	2015 HK\$
Non-current assets			
Property, plant and equipment	15	180,488	358,132
Interest in an associate	17	10,470,265	10,477,978
Available-for-sale financial assets	18	26,107,755	36,431,450
		36,758,508	47,267,560
Current assets			
Other receivables, deposits and prepayments	19	6,505,210	6,675,143
Available-for-sale financial assets	18	28,000,000	—
Financial assets at fair value through profit or loss	20	85,573,176	29,335,528
Cash and bank balances	21	13,164,109	69,291,017
		133,242,495	105,301,688
Current liabilities			
Other payables and accruals	22	3,634,983	1,211,692
		129,607,512	104,089,996
Net current assets		166,366,020	151,357,556
Net assets		166,366,020	151,357,556
Capital and reserves			
Share capital	23	18,995,000	18,995,000
Reserves	24	147,371,020	132,362,556
Total equity		166,366,020	151,357,556
Net asset value per share	26	0.09	0.08

The consolidated financial statements on pages 38 to 88 were approved and authorised for issue by the board of directors on 24 March 2017.

Leung King Yue, Alex
Executive Director

Lewis Chan
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital HK\$	Share premium HK\$	Investment valuation reserve HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2015	18,995,000	231,014,560	—	(100,234,668)	149,774,892
Profit and total comprehensive income for the year	—	—	—	1,582,664	1,582,664
Balance as at 31 December 2015 and 1 January 2016	18,995,000	231,014,560	—	(98,652,004)	151,357,556
Profit for the year	—	—	—	5,207,002	5,207,002
Other comprehensive income for the year	—	—	9,801,462	—	9,801,462
Total comprehensive income for the year	—	—	9,801,462	5,207,002	15,008,464
Balance as at 31 December 2016	18,995,000	231,014,560	9,801,462	(93,445,002)	166,366,020

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 HK\$	2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,207,002	1,582,664
Adjustments for:			
Interest income		(8,914,109)	(6,359,962)
Depreciation		61,726	92,975
Unrealised gain on financial assets at fair value through profit or loss		(3,500,943)	(1,647,531)
Gain on bargain purchase of a subsidiary	25	—	(985,562)
Gain on disposal of subsidiaries	28	—	(447,602)
Share of results of an associate		(122,622)	(815,866)
Exchange (gain)/loss on amount due from an associate		(39,212)	823,450
Written off of property, plant and equipment		261,588	—
Impairment loss on available-for-sale financial assets		2,000,000	—
Operating loss before changes in working capital		(5,046,570)	(7,757,434)
Decrease/(increase) in other receivables, deposits and prepayments		169,933	(5,826,097)
Decrease in amount due to a director		—	(400,000)
Increase in other payables and accruals		2,423,291	247,272
Increase in financial assets at fair value through profit or loss		(52,736,705)	(19,181,489)
Cash used in operations		(55,190,051)	(32,917,748)
Interest received		8,914,109	6,359,962
Net cash used in operating activities		(46,275,942)	(26,557,786)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(145,670)	(74,366)
Purchase of available-for-sale financial assets		(39,874,843)	(38,431,450)
Proceed from early redemption of available-for-sale financial assets		30,000,000	30,000,000
Acquisition of a subsidiary	25	—	(9,500,000)
Proceed from disposal of subsidiaries	28	—	2
Dividend received from an associate		169,547	—
Net cash used in investing activities		(9,850,966)	(18,005,814)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(56,126,908)	(44,563,600)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		69,291,017	113,854,617
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		13,164,109	69,291,017
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	13,164,109	69,291,017

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. General

DT Capital Limited (“the Company”) is a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is Unit D, 6th Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries (“the Group”) engage in investment holding and trading of securities.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.

2. New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material impact on the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Issued But Not Yet Effective Hong Kong Financial Reporting Standards (“HKFRSs”)

Up to the date of approval of these consolidated financial statements, the HKICPA has issued the following amendments and new or amended standards which are not yet effective for the accounting period ended 31 December 2016 and which have not been early adopted in these consolidated financial statements:

HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
Amendments to HKAS 7	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealized Losses</i> ¹
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

The Group has been evaluating the impact of these new or revised standards and amendments but not yet in a position to state whether all these new or revised standards and amendments would have a significant impact on the Group’s results of operations and financial position.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

4. Summary of Significant Accounting Policies

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

a) **Basis of preparation:**

The consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention except that financial assets at fair value through profit or loss and available-for-sale financial assets are stated at fair value.

b) **Basis of consolidation:**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

c) **Goodwill:**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination irrespective of where other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

4. Summary of Significant Accounting Policies (Continued)

c) **Goodwill:** (Continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operating within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

d) **Property, plant and equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul cost, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method, at the following rate per annum:

Leasehold improvements	20%
Computer equipment	20%
Furniture and fixtures	20%
Office equipment	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continuing use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the year in which the item is derecognised.

e) **Subsidiaries:**

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

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

4. Summary of Significant Accounting Policies (Continued)

e) **Subsidiaries:** (Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

f) **Associates:**

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the profit or loss, whereas the Group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised as other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

4. Summary of Significant Accounting Policies (Continued)

g) Investments:

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

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

ii) Financial assets at fair value through profit or loss

At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. All derivatives financial assets and financial assets which forms part of a contract containing one or more embedded derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedges.

iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above).

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit or loss, or until the investment is determined to be impaired, at which item the cumulative gain or loss is recognised in the profit or loss and removed from the investment valuation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

4. Summary of Significant Accounting Policies (Continued)

h) Impairment of assets:

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

In case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the equity securities below their cost is considered in determining whether the securities are impaired. Impairment losses recognised in profit or loss on equity securities are not reversed through profit or loss.

i) Cash and cash equivalents:

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

j) Foreign currency translation:

i) Functional and presentation currency

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

ii) Transactions and balances

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

4. Summary of Significant Accounting Policies (Continued)

j) **Foreign currency translation:** (Continued)

iii) **Group companies**

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- b) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- c) the resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

k) **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 differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 arising on investments in subsidiaries, 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

4. Summary of Significant Accounting Policies (Continued)

l) Provisions and contingent liabilities:

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

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

m) Revenue recognition:

- i) Sales of investments in equity/debt securities including available-for-sale financial assets and financial assets at fair value through profit or loss are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.
- ii) Interest income is recognised as it accrues using the effective interest method.
- iii) Dividend income from equity securities is recognised when the shareholders' rights to receive payment have been established.
- iv) Set-up fee income on bonds is recognised when service is provided.

n) Operating lease:

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

o) Related parties:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - i) has control or joint control over the Group;
 - ii) has significant influence over the Group; or
 - iii) is a member of the key management personnel of the Group or the Group's parent.

4. Summary of Significant Accounting Policies (Continued)

o) Related parties: (Continued)

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

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

p) Segment reporting:

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

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

4. Summary of Significant Accounting Policies (Continued)

q) **Employees benefits:**

Pension obligations

The Group participates a defined contribution mandatory provident fund scheme (the "MPF Scheme") which is available to all employees. Contributions to the MPF Scheme by the Group and its employees are calculated based on a percentage of employees' relevant income. The Group's contributions to the fund are incurred as expenses and the assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund.

Payments to the Group's MPF Scheme are charged as expenses as they fall due.

5. Critical Accounting Estimates and Judgments

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

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

Impairment of available-for-sale financial assets

For available-for-sale financial assets, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgment, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.

Impairment of interest in an associate

The Group assesses impairment of interest in an associate at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts of the assets are determined. Estimation of future cash flows calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the management takes into consideration assumptions that are mainly based on market condition existing at the reporting date, appropriate market and discount rates and what information it can obtain from the associate. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

Fair value estimation of financial instruments

As indicated in note 8 on the consolidated financial statements, the Group selects appropriate valuation techniques for financial instruments not quoted in an active market. The fair values of unlisted convertible bonds are determined in accordance with generally accepted pricing model, discounted cash flow method and current market value. The values assigned to these unlisted investments are based upon available information and do not necessarily represent amounts which might ultimately be realised, since such amounts depend on future circumstance and cannot be reasonably determined until the individual position is realised.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

6. Capital Risk Management

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

The capital structure of the Group consists of equity reserves attributable to equity holders of the Company, comprising issued share capital, other reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

7. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2016

Financial assets

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Available- for-sale financial assets HK\$	Total HK\$
Amount due from an associate	8,594,776	—	—	8,594,776
Available-for-sale financial assets	—	—	54,107,755	54,107,755
Other receivables and deposits	6,252,203	—	—	6,252,203
Financial assets at fair value through profit or loss	—	85,573,176	—	85,573,176
Cash and bank balances	13,164,109	—	—	13,164,109
	28,011,088	85,573,176	54,107,755	167,692,019

Financial liabilities

	Financial liabilities at amortised cost HK\$
Other payables and accruals	3,634,983

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

7. Financial Instruments by Category (Continued) 2015

Financial assets

	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Available- for-sale financial assets HK\$	Total HK\$
Amount due from an associate	8,555,564	—	—	8,555,564
Available-for-sale financial assets	—	—	36,431,450	36,431,450
Other receivables and deposits	6,335,684	—	—	6,335,684
Financial assets at fair value through profit or loss	—	29,335,528	—	29,335,528
Cash and bank balances	69,291,017	—	—	69,291,017
	84,182,265	29,335,528	36,431,450	149,949,243

Financial liabilities

	Financial liabilities at amortised cost HK\$
Other payables and accruals	1,211,692

8. Financial Risk Management Objectives and Policies

a) Financial risk factors:

The Group's major financial instruments comprise amount due from an associate, available-for-sale financial assets, other receivables and deposits, financial assets at fair value through profit or loss, cash and bank balances and other payables and accruals.

The Group's activities expose it to a variety of financial risks: equity price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

8. Financial Risk Management Objectives and Policies (Continued)

a) Financial risk factors: (Continued)

i) Equity price risk

The Group is exposed to equity securities which are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss and available-for-sale financial assets. These are susceptible to equity price risk arising from uncertainties about the future prices of the instruments. The Group's equity price risk is managed through diversification of the investment portfolio ratios by exposures.

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

	Increase/ (decrease) in fair value %	Increase/ (decrease) in profit before taxation HK\$	Increase/ (decrease) in equity HK\$
2016			
Investments listed in Hong Kong:			
— Financial assets at fair value through profit or loss	5 (5)	2,516,000 (2,516,000)	2,100,000 (2,100,000)
— Available-for-sale financial assets	5 (5)	— —	856,000 (856,000)
2015			
Investments listed in Hong Kong:			
— Financial assets at fair value through profit or loss	5 (5)	1,204,000 (1,204,000)	1,006,000 (1,006,000)

Concentration of equity price risk may arise if the Group has a significant investment in a single equity investment. At the end of the reporting period, the Group has a certain concentration risk in three (2015: one) equity investment which account for more than 5% of the total assets of the Group.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

8. Financial Risk Management Objectives and Policies (Continued)

a) **Financial risk factors:** (Continued)

i) **Equity price risk** (Continued)

	% of total assets of the Group	
	2016	2015
Upbest Group Limited	16.19%	7.56%
Kwong Man Kee Group Limited	8.60%	—
Gemilang International Limited	5.50%	—

ii) **Credit risk**

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.

The Group has concentration of credit risk on one unlisted available-for-sale financial assets and one unlisted financial assets at fair value through profit or loss (2015: one unlisted available-for-sale financial assets) which are accounted for more than 5% of the total assets of the Group.

	% of total assets of the Group	
	2016	2015
Unlisted debt securities of Yi Hua Holdings Limited	14.71%	16.39%
Unlisted convertible bond of Higson Holdings Limited	17.65%	—

The Group reviews the recoverable amounts of the financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Other than concentration of credit risk on financial assets at fair value through profit or loss, available-for-sale financial assets and liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

8. Financial Risk Management Objectives and Policies (Continued)

a) **Financial risk factors:** (Continued)

iii) **Liquidity risk**

The Group invests in both listed and unlisted securities which are designated as available-for-sale financial assets and/or financial assets at fair value through profit or loss. Those listed securities are considered readily realisable as they are listed in regulated stock exchanges. Those unlisted securities may not be traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

The following table details the Group's remaining contractual maturity for their financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of the 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.

	Carrying amount at 31 December HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
2016			
Non-derivative financial liabilities			
Other payables and accruals	3,634,983	3,634,983	3,634,983
2015			
Non-derivative financial liabilities			
Other payables and accruals	1,211,692	1,211,692	1,211,692

iv) **Interest rate risk**

The Group has no interest-bearing financial liabilities at the end of the reporting period. The Group only exposes to changes in interest rates to their interest-bearing short-term bank fixed deposits.

Due to the fact that the changes in interest rates would have no material impact on the results of the Group and accordingly, the sensitivity analysis in respect of changes in interest rate is not presented.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

8. Financial Risk Management Objectives and Policies (Continued)

a) **Financial risk factors:** (Continued)

v) **Foreign currency risk**

The Group is mainly exposed to foreign exchange risk arising from Hong Kong dollars against Thai Baht. This foreign exchange risk arises from future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency of Hong Kong dollars. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and it has not hedged its foreign exchange risk.

As at 31 December 2016, if Thai Baht had strengthened/weakened by 5% (2015: 5%) against the Hong Kong dollars with all other variables held constant, the Group's profit for the year would have been approximately HK\$423,000 (2015: HK\$422,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of Thai Baht denominated amount due from an associate.

b) **Fair values:**

i) **Fair value hierarchy**

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

8. Financial Risk Management Objectives and Policies (Continued)

b) Fair values: (Continued)

i) Fair value hierarchy (Continued)

	Fair value measurements as at 31 December 2016 categorised into			Fair value at 31 December
	Level 1	Level 2	Level 3	2016
	HK\$	HK\$	HK\$	HK\$
Recurring fair value measurement				
Financial assets at fair value through profit or loss	50,323,176	—	35,250,000	85,573,176
Available-for-sale financial assets	17,138,512	—	—	17,138,512
	67,461,688	—	35,250,000	102,711,688

	Fair value measurements as at 31 December 2015 categorised into			Fair value at 31 December
	Level 1	Level 2	Level 3	2015
	HK\$	HK\$	HK\$	HK\$
Recurring fair value measurement				
Financial assets at fair value through profit or loss	24,085,528	—	5,250,000	29,335,528

The fair value of financial instruments traded in active markets is based on quoted market prices for identical instruments at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The Group adopted HKFRS 13 and use closing price as the valuation basis for listed equity investments.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

8. Financial Risk Management Objectives and Policies (Continued)

b) Fair values: (Continued)

i) Fair value hierarchy (Continued)

Unlisted convertible debt securities are stated at their fair value, which are determined by reference to the valuation in accordance with generally accepted valuation methodologies.

The valuation techniques and inputs used in the fair value measurements within Level 3 is as follows:

	Valuation technique	Significant inputs
Financial assets at fair value through profit or loss (Level 3)	Discounted cash flow/ Current market value	Expected recoverable amount of underlying investments

The investments in unlisted convertible debt securities are not quoted in an active market. The Group considers that the investments are short-term in nature. They will be mature and repayable within 9 months so current market values are regarded as their fair values. The investments in unlisted convertible debt securities are recognised as the Level 3 investments.

Additional information about fair value measurements using significant unobservable inputs (Level 3):

	Significant unobservable inputs	Range
Financial assets at fair value through profit or loss	Expected recoverable amount of underlying investments	Not applicable

The valuation will be performed and reported at each of the Group's reporting dates to the Group's management. The higher the expected recoverable amount of underlying investment, the higher the fair value.

There were no changes in valuation technologies during the year.

During the years ended 31 December 2016 and 31 December 2015, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

The following table presents the changes in Level 3 instruments for the years ended 31 December 2016 and 31 December 2015.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

8. Financial Risk Management Objectives and Policies (Continued)

b) Fair values: (Continued)

i) Fair value hierarchy (Continued)

	Financial assets at fair value through profit or loss HK\$
At 1 January 2015	—
Addition	5,000,000
Unrealised gain recognised in profit or loss	250,000
At 31 December 2015 and 1 January 2016	5,250,000
Addition	30,000,000
At 31 December 2016	35,250,000

ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's other financial instruments carried at costs are not materially different from their fair values as at 31 December 2016 and 31 December 2015.

9. Revenue

	2016 HK\$	2015 HK\$
Proceeds from sales of available-for-sale financial assets		
— listed equity securities	2,500,898	—
Proceeds from early redemption of available-for-sale financial assets		
— unlisted debt securities	30,000,000	30,000,000
Proceeds from sales of financial assets at fair value through profit or loss — listed equity securities	28,352,650	10,466,737
Dividend income from listed equity securities	1,081,046	628,748
	61,934,594	41,095,485

No analysis of the Group's revenue and contribution to operating profit for the current and prior years set out by principal activities and geographical markets is provided. It is because the Group has only one single business segment, investment holding, and all the consolidated revenue and the consolidated results of the Group are attributable to performance of the markets in Hong Kong.

No information about major customers has been disclosed as a substantial portion of the Group's income is derived from the Group's investments in listed equity securities and unlisted debt securities and the disclosure of information regarding customers would not be meaningful.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

10. Other Income and Gain

	2016 HK\$	2015 HK\$
Other income		
Interest income	8,914,109	6,359,962
Set up fee income on bonds	300,000	300,000
Sundry income	120,701	18,500
Exchange gain	38,530	—
	9,373,340	6,678,462
Other gain		
Unrealised gain on financial assets at fair value through profit or loss	3,500,943	1,647,531
Gain on disposal of subsidiaries	—	447,602
	3,500,943	2,095,133

11. Profit Before Taxation

Profit before taxation has been arrived at after charging:

	2016 HK\$	2015 HK\$
Auditors' remuneration	220,000	220,000
Depreciation	61,726	92,975
Investment management fee paid to an investment manager	2,376,664	2,269,722
Performance fee paid to an investment manager	2,648,553	279,294
Financial advisory fee paid to an investment manager	360,000	360,000
Staff costs, including contributions of HK\$94,504 (2015: HK\$114,483) to a defined contribution mandatory provident fund scheme	2,429,840	2,271,442
Minimum lease payments on properties under operating leases	306,000	930,725
Exchange loss	—	823,522
Written off of property, plant and equipment	261,588	—

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

12. Directors' and Senior Management's Emoluments

a) The remuneration of every director for the year ended 31 December 2016 is as follows:

	Basic salaries, housing benefits, other allowances and benefits	Retirement benefits contributions	Discretionary bonuses and/or performance- related bonuses	Compensation for loss of office	Inducement for joining the Group	Total
	Fees HK\$	in kind HK\$	HK\$	HK\$	HK\$	HK\$
Executive directors:						
Leung King Yue, Alex	360,000	—	17,000	—	—	377,000
Lewis Chan	240,000	—	12,000	—	—	252,000
Leong Chi Wai	240,000	—	12,000	—	—	252,000
Non-executive directors:						
Chan Pui Kwan	180,000	—	9,000	—	—	189,000
Ma Chun Fai	180,000	—	9,000	—	—	189,000
Independent non-executive directors:						
Kwok Ming Fai	100,000	—	—	—	—	100,000
Lo Chi Ming	100,000	—	—	—	—	100,000
Jochum Siebren Haakma	100,000	—	—	—	—	100,000
	1,500,000	—	59,000	—	—	1,559,000

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

12. Directors' and Senior Management's Emoluments (Continued)

a) The remuneration of every director for the year ended 31 December 2015 is as follows:

	Fees HK\$	Basic salaries, housing benefits, other allowances and benefits in kind HK\$	Retirement benefits contributions HK\$	Discretionary bonuses and/or performance- related bonuses HK\$	Compensation for loss of office HK\$	Inducement for joining the Group HK\$	Total HK\$
Executive directors:							
Leung King Yue, Alex	240,000	—	17,806	—	—	—	257,806
Lewis Chan	240,000	—	17,806	—	—	—	257,806
Leong Chi Wai	240,000	—	17,806	—	—	—	257,806
Non-executive directors:							
Chan Pui Kwan	180,000	—	13,350	—	—	—	193,350
Ma Chun Fai	180,000	—	13,350	—	—	—	193,350
Independent non-executive directors:							
Kwok Ming Fai	100,000	—	—	—	—	—	100,000
Lo Chi Ming	100,000	—	—	—	—	—	100,000
Jochum Siebren Haakma	100,000	—	—	—	—	—	100,000
	1,380,000	—	80,118	—	—	—	1,460,118

No directors waived or agreed to waive any remuneration during the year (2015: Nil).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

12. Directors' and Senior Management's Emoluments (Continued)

- b) Details of emoluments of the five highest paid individuals (including directors and other employees) are:

	2016	2015
	HK\$	HK\$
Fees	840,000	720,000
Salaries and other benefits	835,336	584,782
Retirement benefits contributions	76,504	81,048
	1,751,840	1,385,830

Three (2015: Three) of the five highest paid individuals were directors of the Group, whose emoluments are included in Note 12(a).

Analysis of the emoluments of the five highest paid individuals (including directors and other employees) by number of individuals and emolument ranges is as follows:

	2016	2015
Nil to HK\$1,000,000	5	5

13. Income Tax Expense

- a) No provision for Hong Kong profits tax has been made in these consolidated financial statements as the tax losses brought forward from prior years exceed the estimated assessable profits for the years ended 31 December 2016 and 31 December 2015.
- b) Reconciliation between income tax expense and the profit before taxation at the statutory income tax rate is set out below:

	2016	2015
	HK\$	HK\$
Profit before taxation	5,207,002	1,582,664
Tax at the statutory income tax rate of 16.5% (2015: 16.5%)	859,152	261,139
Tax effect of profit not subject to taxation	(411,471)	(1,282,179)
Tax effect of non-deductible expenses	340,950	203,307
Tax effect on unrecognised temporary differences	(697,606)	379,492
Tax effect of unused tax losses not recognised	933,325	577,671
Tax effect of utilization of tax losses previously not recognised	(1,024,350)	(139,430)
Income tax expense	—	—

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

13. Income Tax Expense (Continued)

c) Deferred tax assets have not been recognised in respect of the following items:—

	2016	2015
	HK\$	HK\$
Accelerated tax depreciation	12,348	5,160
Tax loss carried forward	(5,433,078)	(5,522,981)
Unrealised gain/(loss) on financial asset at fair value through profit or loss	319,897	(370,522)
	(5,100,833)	(5,888,343)

At the end of the reporting period, the Group had unutilized tax losses of HK\$32,927,747 (2015: HK\$33,472,611) available for offsetting against future taxable profit.

No deferred tax assets have been recognised in respect of the above items due to the unpredictability of future profit streams. The tax losses and other deductible temporary difference do not expire under current tax legislation.

14. Earnings Per Share

The basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$5,207,002 (2015: HK\$1,582,664) and the weighted average number of 1,899,500,000 (2015: 1,899,500,000) ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

15. Property, Plant and Equipment

	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
As at 1 January 2015					
Cost	288,000	69,913	33,450	54,076	445,439
Accumulated depreciation	(9,600)	(3,907)	(1,115)	(54,076)	(68,698)
Net book value	278,400	66,006	32,335	—	376,741
Net book value as at					
1 January 2015	278,400	66,006	32,335	—	376,741
Additions	54,534	—	15,944	3,888	74,366
Depreciation	(68,507)	(13,983)	(9,879)	(606)	(92,975)
Net book value as at	264,427	52,023	38,400	3,282	358,132
As at 31 December 2015					
Cost	342,534	69,913	49,394	57,964	519,805
Accumulated depreciation	(78,107)	(17,890)	(10,994)	(54,682)	(161,673)
Net book value	264,427	52,023	38,400	3,282	358,132
Net book value as at					
1 January 2016	264,427	52,023	38,400	3,282	358,132
Additions	125,890	19,780	—	—	145,670
Written off	(247,301)	—	(14,287)	—	(261,588)
Depreciation	(36,009)	(17,939)	(7,000)	(778)	(61,726)
Net book value as at	107,007	53,864	17,113	2,504	180,488
As at 31 December 2016					
Cost	125,890	89,693	30,200	57,964	303,747
Accumulated depreciation	(18,883)	(35,829)	(13,087)	(55,460)	(123,259)
Net book value	107,007	53,864	17,113	2,504	180,488

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

16. Particular of Subsidiaries

Particulars of subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid ordinary share capital	Percentage of equity interest held		Principal activity
			Directly	Indirectly	
			%	%	
Ace Perfection Group Limited	British Virgin Islands	US\$1	100	—	Investment holding
Power Bright International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Equity Merit International Limited	British Virgin Islands	US\$1	100	—	Trading of securities
New Fantasy International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Rainbow Ocean Investments Limited	British Virgin Islands	US\$2	100	—	Investment holding
Peak Star Group Limited	British Virgin Islands	US\$1	100	—	Investment holding
Genius Pro Asia Limited	British Virgin Islands	US\$1	100	—	Investment holding
United Solutions International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Nova System International Limited	British Virgin Islands	US\$1	100	—	Investment holding
Super Bloom Investments Limited	Hong Kong	HK\$1	—	100	Investment holding
Venture Glory Enterprises Limited	British Virgin Islands	US\$1	100	—	Investment holding
Key Summit Enterprises Limited	British Virgin Islands	US\$1	100	—	Investment holding
Wealth Champion Group Limited	Hong Kong	HK\$1	100	—	Provision of management services

All subsidiaries operate in Hong Kong.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

17. Interest in an Associate

	2016 HK\$	2015 HK\$
Unlisted investments, at cost	5	5
Share of post-acquisition profits, net of dividends received	1,875,484	1,922,409
	1,875,489	1,922,414
Amount due from an associate	8,594,776	8,555,564
	10,470,265	10,477,978

- a) The amount due from an associate denominated in a currency other than the Group's functional currency, Hong Kong dollars:

	2016	2015
Thai Baht	THB39,211,926	THB39,211,926

The amount is unsecured, interest-free and repayable upon resolution of the directors of the associate. No imputation of interests has been accrued on this balance due to the related party nature of this instruments.

- b) Details of the Group's interest in its associate which is unlisted and its quoted market price is not available are as follows:

Name of associate	Particulars of issued shares held	Form of business structure	Place of incorporation	Percentage of effective interest attributable to the Group %	Principal activity
Purple Link Investment Limited ("Purple Link")	5 ordinary shares	Incorporated	Hong Kong	25	Property investment in Thailand

The Group's interest in associate is accounted for using the equity method in these consolidated financial statements.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

17. Interest in an Associate (Continued)

- c) Summarised financial information of the associate, adjusted for any difference in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2016 HK\$	2015 HK\$
Summarised statement of financial position		
Current assets	83,896	114,728
Non-current assets	41,811,184	41,811,184
Current liabilities	(34,393,104)	(34,236,256)
Non-current liabilities	—	—
Equity	7,501,976	7,689,656
Summarised statement of profit or loss and other comprehensive income		
Revenue	679,645	15
Income after tax	491,125	3,263,466
Other comprehensive income	—	—
Total comprehensive income	491,125	3,263,466
Dividends received from associate	169,547	—
Reconciled to the Group's interest in the associate		
Net assets of the associate	7,501,976	7,689,656
Group's effective interest	25%	25%
Group's share of net assets of the associate	1,875,489	1,922,414
Carrying amount in the consolidated financial statements	1,875,489	1,922,414

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

18. Available-for-sale Financial Assets

	2016 HK\$	2015 HK\$
Capital contribution, at cost	4,219,243	—
Unlisted equity securities, at cost	6,750,000	8,431,450
Unlisted debt securities, at cost	28,000,000	28,000,000
	38,969,243	36,431,450
Less: provision for impairment loss	(2,000,000)	—
	36,969,243	36,431,450
Listed equity securities in Hong Kong	17,138,512	—
	54,107,755	36,431,450
Less: Amount not matured within 12 months	(26,107,755)	(36,431,450)
Amount included under current assets	28,000,000	—
Market value of listed equity securities	17,138,512	—

At the end of the reporting period, all available-for-sale financial assets are stated at fair value except those unlisted equity and debt securities of which their fair values cannot be measured reliably. Fair value of listed equity securities have been determined by reference to published price quotations in actual markets.

a) Details of the listed equity securities are as follows:

Name of investee	Cost		Accumulated impairment loss charged to profit or loss	Fair value at 31 December		Total accumulated fair value changes recognised in investment revaluation reserve		% of total assets of the Group		Net assets attributable to the Group	
	2016 HK\$	2015 HK\$		2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$	2016	2015	2016 HK\$	2015 HK\$
Gemilang International Limited	3,905,600	—	—	9,046,162	—	5,140,562	—	5.32%	—	1,427,132	—
Kwong Man Kee Group Limited	3,431,450	—	—	8,092,350	—	4,660,900	—	4.76%	—	595,710	—
	7,337,050	—	—	17,138,512	—	9,801,462	—				

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

18. Available-for-sale Financial Assets (Continued)

b) Details of the unlisted equity and debt securities are as follows:

Name of investee	Place of incorporation	Proportion of share capital owned		Cost		Impairment loss HK\$	Carrying amount		% of total assets of the Group		Principal activities
		2016	2015	2016 HK\$	2015 HK\$		2016 HK\$	2015 HK\$	2016	2015	
Good Quality Investment Limited	Hong Kong	20%* ³	20%* ³	3,000,000	3,000,000	—	3,000,000	3,000,000	1.76%	1.97%	Securities dealing
Yi Hua Holdings Limited ("Yi Hua")	Cayman Islands	N/A* ¹	N/A* ¹	25,000,000	25,000,000	—	25,000,000	25,000,000	14.71%	16.39%	Operation of department store chain
Victor Ease Limited	British Virgin Islands	—	3.67%	—	3,431,450	—	—	3,431,450	—	2.25%	Investment holding
Yiu Wing Succession Holdings Company Limited	Hong Kong	7.69%	10%	2,000,000	2,000,000	(2,000,000)	—	2,000,000	—	1.31%	Investment holding
Star League Investments Limited ("Star League")	British Virgin Islands	N/A* ²	N/A* ²	3,000,000	3,000,000	—	3,000,000	3,000,000	1.76%	1.97%	Investment holding
廣州市金洋水產養殖有限公司 ("金洋水產")* ⁴	The People of Republic China	1.60%	—	4,219,243	—	—	4,219,243	—	2.48%	—	Aquacultural and feed production
Diamond Motto Limited ("Diamond Motto")* ⁵	British Virgin Islands	16.67%	—	1,750,000	—	—	1,750,000	—	1.03%	—	Investment holding
				38,969,243	36,431,450	(2,000,000)	36,969,243	36,431,450			

*¹ No share capital owned as this is a 3-years bond with 7% coupon rate issued by Yi Hua.

*² No share capital owned as this is a 2-years debenture with 6.5% coupon rate issued by Star League.

*³ According to Hong Kong Accounting Standard 28 (2011), the Group has no significant influence over the investee company. Therefore, it is not regarded as an associate.

*⁴ An agreement was signed by the Group and the major investor of 金洋水產 on 30 October 2015. According to the agreement, the major investor agrees to take up the Group's interest in 金洋水產 at a price not less than the investment cost plus 20% annual interest in the event that 金洋水產 fails to fulfill certain terms and conditions stipulated in the agreement as at the specified dates.

*⁵ Pursuant to the agreement signed by the Group and other investors of Diamond Motto, the Group has an option to require the major shareholder of the Diamond Motto to acquire all of the shares of Diamond Motto held by the Group at their original cost in the event that Diamond Motto fails to fulfill certain condition and terms stipulated in the agreement. The above-mentioned option will lapse on 31 December 2018.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

18. Available-for-sale Financial Assets (Continued)

c) Particulars of major available-for-sale financial assets

i) *Unlisted equity securities*

Good Quality Investment Limited ("Good Quality")

Good Quality is incorporated in Hong Kong and is principally engaged in business of securities dealing during the year.

The Group holds 3,000,000 (2015: 3,000,000) shares in Good Quality, representing 20% (2015: 20%) interest in the issued share capital of Good Quality. No dividend was received during the years ended 31 December 2016 and 31 December 2015. Based on the audited report for the period from 28 October 2014 (date of incorporation) to 31 March 2016 (2015: unaudited result for the period from 28 October 2014 (date of incorporation) to 31 December 2015), the net asset value and net profit of Good Quality were approximately HK\$20,953,000 (2015: HK\$26,372,000) and HK\$5,953,000 respectively. The Group's share of the net asset value of Good Quality was approximately HK\$4,191,000 (2015: HK\$5,274,400).

Victor Ease Limited ("Victor Ease")

Victor Ease is incorporated in the British Virgin Islands and is principally engaged in business of investment holding during the year.

The Group holds 367 shares in Victor Ease, representing 3.67% interest in the issued share capital of Victor Ease as at 31 December 2015. After reorganisation, shares of Victor Eases was exchanged to 16,515,000 shares of Kwong Man Kee Group Limited upon its initial public offer during the year ended 31 December 2016. Particulars of Kwong Man Kee Group Limited is disclosed in note 18(c)(iii).

Yiu Wing Succession Holdings Company Limited ("Yiu Wing")

Yiu Wing is incorporated in Hong Kong and is principally engaged in business of investment holding during the year.

The Group holds 2,000,000 (2015: 2,000,000) shares in Yiu Wing, representing 7.69% (2015: 10%) interest in the issued share capital of Yiu Wing. No dividend was received during the year ended 31 December 2016 and 31 December 2015. Based on the unaudited result for the period from 29 September 2015 (date of incorporation) to 31 December 2015, the net asset value of Yiu Wing was approximately HK\$11,389,000 and the Group's share of the net asset value of Yiu Wing was approximately HK\$1,138,900. Performance of Yiu Wing deteriorated during the year ended 31 December 2016. The directors consider that the investment has been impaired and a full provision of impairment loss of HK\$2,000,000 was made during the year ended 31 December 2016.

18. Available-for-sale Financial Assets (Continued)

c) Particulars of major available-for-sale financial assets (Continued)

i) Unlisted equity securities (Continued)

廣州市金洋水產養殖有限公司 (“金洋水產”)

金洋水產 is incorporated in The People’s Republic of China and is principally engaged in business of aquacultural and feed production during the year.

The Group holds 1.6% interest in 金洋水產. No dividend was received during the year ended 31 December 2016. Based on the unaudited result for the year ended 31 December 2016, the net asset value and net profit of 金洋水產 were approximately HK\$182,160,000 and HK\$16,685,000 respectively. The Group’s share of the net asset value of 金洋水產 was approximately HK\$2,915,000.

ii) Unlisted debt securities

Yi Hua Holdings Limited (“Yi Hua”)

Yi Hua is incorporated in the Cayman Islands and is principally engaged in operation of department stores chain in the People’s Republic of China.

On 17 November 2014, the Group entered into the Subscription Agreement with Yi Hua pursuant to which the Group agreed to subscribe for 7% coupon unlisted bonds due 2017 issued by Yi Hua in an aggregate principal amount of HK\$25,000,000 due on the third anniversary of the date of issue of the bonds and derived an interest income of HK\$1,779,167 (2015: HK\$1,744,306) during the year. Based on the annual results for the year ended 31 December 2016, the net asset value and net profit of Yi Hua were approximately HK\$330,591,000 (2015: HK\$283,043,000) and HK\$81,352,000 (2015: HK\$22,624,000) respectively.

Star League Investments Limited (“Star League”)

Star League is incorporated in the British Virgin Islands and is principally engaged in business of investment holding during the year.

On 27 April 2015, the Group entered into the Subscription Agreement with Star League pursuant to which the Group agreed to subscribe for 6.5% coupon unlisted debenture due 2017 issued by Star League in an aggregate principal amount HK\$3,000,000 due on second anniversary of the date of issue of the debenture, and derived an interest income of HK\$195,534 (2015: HK\$105,781) during the year.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

18. Available-for-sale Financial Assets (Continued)

c) Particulars of major available-for-sale financial assets (Continued)

iii) Listed equity securities

Gemilang International Limited ("Gemilang")

Gemilang is a new operating entity incorporated in the Cayman Islands and is principally engaged in design and manufacture of bus bodies and assemble buses.

The Group holds 6,071,250 shares in Gemilang, representing 2.43% interest in the issued share capital of Gemilang. No dividend income was received during the year. Based on the annual results for the year ended 31 October 2016, the net asset value and net profit of Gemilang were approximately HK\$58,766,000 and HK\$16,381,000 respectively.

Kwong Man Kee Group Limited ("Kwong Man Kee")

Kwong Man Kee is a new operating entity incorporated in the Cayman Islands and is principally engaged in provision of carpark flooring services and ancillary services.

The Group holds 16,515,000 shares in Kwong Man Kee, representing 2.75% interest in the issued share capital of Kwong Man Kee. There is a 6 months lock-up period for the shares since its listing on 13 October 2016. No dividend income was received during the year. Based on the interim report for the six months ended 30 September 2016, the net asset value and net profit of Kwong Man Kee were approximately HK\$21,643,000 and HK\$1,184,000 respectively.

19. Other Receivables, Deposits and Prepayments

	2016 HK\$	2015 HK\$
Deposits	65,765	186,860
Prepayments	253,007	339,459
Other receivables	6,186,438	6,148,824
	6,505,210	6,675,143

No ageing analysis is disclosed for other receivables in view of the fact that they comprise mainly accrued interest income from unlisted debt securities and deposit placed in broker's account.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

20. Financial Assets at Fair Value Through Profit or Loss

	2016 HK\$	2015 HK\$
Financial assets designated as financial assets at fair value through profit or loss:		
Unlisted convertible debt securities at fair value (note 8(b))	35,250,000	5,250,000
Financial assets held for trading:		
Equity securities listed in Hong Kong at fair value (note 8(b))	50,323,176	24,085,528
	85,573,176	29,335,528
Fair value of listed equity securities	50,323,176	24,085,528
Fair value of unlisted debt securities	35,250,000	5,250,000

a) Details of the listed equity securities are as follows:

Name of investee	Fair value		Unrealised gain/(loss)		% of total assets of the Group		Net assets attributable to the Group	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$			HK\$	HK\$
UBA Investments Limited	700,896	871,948	(171,052)	—	0.41%	0.57%	607,799	718,593
Upbest Group Limited	27,520,560	11,527,680	4,569,028	3,893,120	16.19%	7.56%	18,052,033	8,168,076
Bank of China Limited	1,376,000	1,384,000	(7,542)	(433,873)	0.81%	0.91%	7,506,250	7,365,675
Industrial and Commercial Bank of China Limited	2,557,500	2,574,000	7,545	(855,153)	1.50%	1.69%	13,874,988	13,380,741
China Construction Bank Corporation Limited	2,985,000	3,451,500	103,832	(568,560)	1.76%	2.26%	3,644,574	4,574,934
China Mobile Limited	1,233,000	1,925,000	(2,278)	(34,403)	0.73%	1.26%	797,256	1,163,052
Asia Financial Holdings Limited	—	1,020,000	—	(297,680)	—	0.67%	—	2,341,709
Agricultural Bank of China Limited	—	1,331,400	—	(305,920)	—	0.87%	—	19,741,420
Ausupreme International Holdings Limited	3,397,500	—	(693,187)	—	2.00%	—	1,478,954	—
Gemilang International Limited	298,000	—	8,341	—	0.18%	—	47,013	—
Kwong Man Kee Group Limited	6,520,920	—	22,488	—	3.84%	—	480,031	—
Tech Pro Technology Development Limited	2,760,000	—	(149,022)	—	1.62%	—	1,730,776	—
PCCW Limited	667,800	—	(156,838)	—	0.39%	—	227,059	—
Cathay Pacific Airways Limited	306,000	—	(30,373)	—	0.18%	—	422,221	—
	50,323,176	24,085,528	3,500,942	1,397,531				

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

20. Financial Assets at Fair Value Through Profit or Loss (Continued)

b) Details of the unlisted convertible debt securities are as follows:

Name of investee	Proportion of share capital owned	Cost		Fair value		Unrealised gain		% of total assets of the Group		Net assets attributable to the Group	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$			HK\$	HK\$
Toyoplas Investments Limited ("Toyoplas") * ¹	N/A* ³	5,000,000	5,000,000	5,250,000	5,250,000	—	250,000	3.09%	3.44%	N/A	N/A
Higson Holdings Limited ("Higson") * ²	N/A* ³	30,000,000	—	30,000,000	—	—	—	17.65%	—	N/A	N/A
		35,000,000	5,000,000	35,250,000	5,250,000	—	250,000				

*¹ It is convertible bond guaranteed by ultimate controlling shareholder of Toyoplas and charged on his shares of Toyoplas by deed of guaranty and deed of charge dated 20 April 2015.

*² It is convertible bond guaranteed by ultimate controlling shareholder of Higson by a deed of guaranty dated 25 August 2016 and charged on land located in Zhong Shan which is owned by a partially owned subsidiary of Higson.

*³ No share capital owned as they are convertible bonds issued by Toyoplas and Higson.

c) Particulars of major financial assets at fair value through profit or loss

i) Listed equity securities

Upbest Group Limited ("Upbest Group")

Upbest Group is incorporated in the Cayman Islands and is principally engaged in investment holding.

The Group holds 22,194,000 (2015: 5,056,000) shares in Upbest Group, representing 0.83% (2015: 0.38%) interest in the issued share capital of Upbest Group with a corresponding investment cost of HK\$11,423,852 and derived a dividend income of HK\$325,440 (2015: HK\$202,240) for the year ended 31 December 2016. Based on the interim report for the six months ended at 30 September 2016 (2015: 30 September 2015), the net asset value and net profit of Upbest Group were approximately HK\$2,181,728,000 (2015: HK\$2,166,670,000) and HK\$34,539,000 (2015: HK\$494,968,000) respectively.

20. Financial Assets at Fair Value Through Profit or Loss (Continued)

c) Particulars of major financial assets at fair value through profit or loss (Continued)

i) Listed equity securities (Continued)

Industrial and Commercial Bank of China Limited ("ICBC")

ICBC is incorporated in the People's Republic of China and is principally engaged in provision of corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services.

The Group holds 550,000 (2015: 550,000) shares in ICBC, representing 0.00063% (2015: 0.00063%) interest in the issued share capital of ICBC with a corresponding investment cost of HK\$3,250,108 (2015: HK\$3,429,153) and derived a dividend income of HK\$136,198 (2015: HK\$145,819) for the year ended 31 December 2016. Based on the annual results for the year ended 31 December 2016 (2015: 31 December 2015), the net asset value and net profit of ICBC were approximately HK\$2,189,575,210,000 (2015: HK\$2,111,579,320,000) and HK\$309,301,590,000 (2015: HK\$327,070,000,000) respectively.

China Construction Bank Corporation Limited ("CCB")

CCB is incorporated in the People's Republic of China and is principally engaged in provision of corporate and personal banking services, conducting treasury business, provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

The Group holds 500,000 (2015: 650,000) shares in CCB, representing 0.000208% (2015: 0.00027%) interest in the issued share capital of CCB with a corresponding investment cost of HK\$2,881,168 (2015: HK\$4,020,060) and derived a dividend income of HK\$203,564 (2015: HK\$137,347) for the year ended 31 December 2016. Based on the annual results for the year ended 31 December 2016 (2015: 31 December 2015), the net asset value and net profit of CCB were approximately HK\$1,752,437,400,000 (2015: HK\$1,692,143,600,000) and HK\$257,290,940,000 (2015: HK\$269,256,730,000) respectively.

China Mobile Limited ("China Mobile")

China Mobile is incorporated in Hong Kong and is principally engaged in provision of mobile telecommunications and related services.

The Group holds 15,000 (2015: 22,000) shares in China Mobile, representing 0.000073% (2015: 0.00011%) interest in the issued share capital of China Mobile with a corresponding investment cost of HK\$1,235,278 (2015: HK\$1,959,403) and derived a dividend income of HK\$10,764 (2015: HK\$Nil) for the year ended 31 December 2016. Based on the annual results for the year ended 31 December 2016 (2015: 31 December 2015), the net asset value and net profit of China Mobile were approximately HK\$1,088,279,740,000 (2015: HK\$1,082,456,480,000) and HK\$120,876,500,000 (2015: HK\$128,097,730,000) respectively.

20. Financial Assets at Fair Value Through Profit or Loss (Continued)

c) Particulars of major financial assets at fair value through profit or loss (Continued)

i) Listed equity securities (Continued)

Ausupreme International Holdings Limited ("Ausupreme")

Ausupreme is incorporated in the Cayman Islands and is principally engaged in developing marketing, selling and distributing of health and personal care products, classified by health supplement products, honey and pollen products and personal care products.

The Group holds 7,550,000 shares in Ausupreme, representing 1.00667% interest in the issued share capital of Ausupreme with a corresponding investment cost of HK\$4,090,687. No dividend income was received during the year ended 31 December 2016. Based on the interim report for the six months ended 30 September 2016, the net asset value and net loss of Ausupreme were approximately HK\$146,916,000 and HK\$1,988,000 respectively.

Kwong Man Kee Group Limited ("Kwong Man Kee")

Kwong Man Kee is a new operating entity incorporated in the Cayman Islands and is principally engaged in provision of carpark flooring services and ancillary services.

The Group holds 13,308,000 shares in Kwong Man Kee, representing 2.218% interest in the issued share capital of Kwong Man Kee with a corresponding investment cost of HK\$6,498,432. No dividend income was received during the year ended 31 December 2016. Based on the interim report for the six months ended 30 September 2016, the net asset value and net profit of Kwong Man Kee were approximately HK\$21,643,000 and HK\$1,184,000 respectively.

Gemilang International Limited ("Gemilang")

Gemilang is a new operating entity incorporated in the Cayman Islands and is principally engaged in design and manufacture of bus bodies and assemble buses.

The Group holds 200,000 shares in Gemilang, representing 0.08% interest in the issued share capital of Gemilang with a corresponding investment cost of HK\$289,659. No dividend income was received during the year ended 31 December 2016. Based on the annual results for the year ended 31 October 2016, the net asset value and net profit of Gemilang were approximately HK\$58,766,000 and HK\$16,381,000 respectively.

ii) Unlisted convertible debt securities

Toyoplas Investments Limited ("Toyoplas")

Toyoplas is incorporated in the British Virgin Islands and is principally engaged in business of investment holding during the year.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

20. Financial Assets at Fair Value Through Profit or Loss (Continued)

c) Particulars of major financial assets at fair value through profit or loss (Continued)

ii) Unlisted convertible debt securities (Continued)

On 20 April 2015 and 1 September 2015, the Group entered into the Subscription Agreement and supplemental agreement with Toyoplas pursuant to which the Group agreed to subscribe for unlisted convertible bond with zero coupon rate issued by Toyoplas in an aggregate principal amount of HK\$5,000,000 due on 30 April 2016. The Group shall have right to convert or exchange the entire outstanding principal of the bond into shares of Toyoplas or Toyoplas Group Holdings Inc. ("Toyoplas Group") at any time during the period from the issue date up to 30 April 2016, subject to an extension of time of six months. On 18 March 2016, the Group gave notice to Toyoplas to extend the exercise of conversion right to 30 October 2016. Toyoplas Group is still in the process of application of Initial Public Offering on the Growth Enterprise Marketing of the Hong Kong Stock Exchange Limited. The Group has not exercise the conversion right or redeem the bonds. The convertible bond is still effective. Based on unaudited result for the year ended 31 December 2016 (2015: the consolidated financial information for the year ended 31 December 2015 extracted from first submission of Application Proof on 7 April 2016), the net asset value and net profit of Toyoplas Group were approximately HK\$216,272,000 (2015: HK\$202,082,000) and HK\$46,663,000 (2015: HK\$18,642,000) respectively.

Higson Holdings Limited ("Higson")

Higson is incorporated in the British Virgin Islands and is principally engaged in the business of investment holding during the year.

On 25 August 2016, the Group entered into the Subscription Agreement with Higson pursuant to which the Group agreed to subscribe for unlisted convertible notes with fixed interest of 1.35% per month, accrual on a compound basis issued by Higson in an aggregate principal amount of HK\$30,000,000 due on 5 September 2017 and derived an interest income of HK\$1,653,101 during the year. The Group shall have right to convert or exchange the entire outstanding principal of the notes into shares of Higson at any time during the period from the issue date up to 5 September 2017.

21. Cash and Bank Balances

	2016	2015
	HK\$	HK\$
Time deposits with banks with maturity period less than three months	—	67,533,079
Bank balances	13,164,109	1,757,938
	13,164,109	69,291,017

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

22. Other Payables and Accruals

Included in the other payables and accruals are the amount due to the investment manager for unsettled investment management fee of HK\$636,425, performance fee of HK\$2,648,553 and financial advisory fee of HK\$90,000 (2015: HK\$558,895, HK\$279,294 and HK\$90,000).

No aging analysis is disclosed as there are no trade creditors.

23. Share Capital

	Number of shares		Share capital	
	2016	2015	2016 HK\$	2015 HK\$
Ordinary shares of HK\$0.01 each				
Authorised:				
At 1 January	4,000,000,000	2,000,000,000	40,000,000	20,000,000
Increase in share capital (<i>note</i>)	—	2,000,000,000	—	20,000,000
At 31 December	4,000,000,000	4,000,000,000	40,000,000	40,000,000
Issued and fully paid:				
At 1 January and 31 December	1,899,500,000	1,899,500,000	18,995,000	18,995,000

Note:

By an ordinary resolution of the shareholders held at the Annual General Meeting on 19 June 2015, the authorised share capital has been increased from HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 shares of HK\$0.01 each by the creation of an additional 2,000,000,000 shares of HK\$0.01 each.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

24. Reserves

	Share premium HK\$	Investment valuation reserves HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2015	231,014,560	—	(100,234,668)	130,779,892
Profit and total comprehensive income for the year	—	—	1,582,664	1,582,664
<hr/>				
Balance as at 31 December 2015 and 1 January 2016	231,014,560	—	(98,652,004)	132,362,556
Profit for the year	—	—	5,207,002	5,207,002
Other comprehensive income for the year	—	9,801,462	—	9,801,462
Total comprehensive income for the year	—	9,801,462	5,207,002	15,008,464
<hr/>				
Balance as at 31 December 2016	231,014,560	9,801,462	(93,445,002)	147,371,020

25. Acquisition of Subsidiary

On 6 March 2015, the Group acquired 100% of the equity interest and the assignment of loan of HK\$10,498,854 in Rainbow Ocean Investments Limited ("Rainbow Ocean") from two non-executive directors, Ms. Chan Pui Kwan and Mr. Ma Chun Fai, at a cash consideration of HK\$9,500,000. Rainbow Ocean is incorporated in British Virgin Islands with limited liability and principally engaged in investment holding and was acquired for the potential for earning growth and capital appreciation.

The acquired business contributed revenue of HK\$Nil and net loss of HK\$12,498 to the Group for the period from 6 March 2015 (the acquisition date) to 31 December 2015. If the acquisition had occurred on 1 January 2015, the Group's revenue and profit for the year would remain unchanged. These amounts have been calculated using the Group's accounting policies.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

25. Acquisition of Subsidiary (Continued)

The fair value of identifiable assets and liabilities of Rainbow Ocean at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$
Interest in an associate	10,485,562
Total identifiable net assets at fair value	10,485,562
Gain on bargain purchase of a subsidiary	(985,562)
Satisfied by cash	9,500,000

Interest in an associate acquired included amount due from an associate with fair value of HK\$9,379,014 at the date of acquisition had gross contractual amount of THB39,211,926 and HK\$125,000 respectively. It is expected to be fully collected at the acquisition date.

Gain on bargain purchase is resulting from prudent estimation of net asset value of the subsidiary acquired.

26. Net Asset Value Per Share

The calculation of net asset value per share is based on the net assets of HK\$166,366,020 (2015: HK\$151,357,556) and 1,899,500,000 (2015: 1,899,500,000) ordinary shares in issue as at 31 December 2016.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

27. Commitments

a) Capital commitments

Capital expenditure contracted but not provided for is as follows:

	2016 HK\$	2015 HK\$
Investments	9,917,000	4,196,000

- i) On 30 October 2015, a wholly-owned subsidiary, Super Bloom Investments Limited (“Super Bloom”) entered into an agreement for capital investment in 廣州市金洋水產養殖有限公司(“金洋水產”). The Group had a financial commitment of RMB3,555,556 (approximately HK\$4,196,000) in respect of unpaid capital contribution to 金洋水產. The unpaid capital contribution has been eventually settled on 23 May 2016.
- ii) On 7 June 2016, the Group entered into a sale and purchase agreement with other investors for capital investment in an available-for-sale financial asset, Diamond Motto Limited (“Diamond Motto”). The Group acquired 16.67% of shares in Diamond Motto at a consideration of HK\$11,666,667. First instalment of the consideration of HK\$1,750,000 had been paid as at the end of the reporting period. The remaining balance of approximately HK\$9,917,000 is required to pay on or before 30 September 2018.

b) Operating lease commitments

At the end of the reporting period, the Group had entered into the following future minimum lease payments in respect of the office premises under non-cancellable operating leases. These leases run for 2 years (2015: 17 months).

	2016 HK\$	2015 HK\$
Within one year	208,560	222,000
In the second to fifth years, inclusive	50,153	—
	258,713	222,000

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

28. Disposal of Subsidiaries

On 24 November 2015, the Group disposed of two of its subsidiaries, Perfect Partner Holdings Limited ("Perfect Partner") and Sparkling Achievement Limited ("Sparkling") to a former director, Mr. Tung Tat Wah, and an independent third party for a consideration of HK\$1 each.

- i) The net liabilities of Perfect Partner disposed of:

	HK\$
Deposits and prepayment	109,618
Accruals	(557,218)
Net liabilities disposed of	(447,600)
Gain on disposal of a subsidiary (<i>note 10</i>)	447,601
Total consideration	1
Consideration settled in cash and cash inflow on disposal	1

- ii) The net liabilities of Sparkling disposed of:

	HK\$
Assets	—
Liabilities	—
Net liabilities disposed of	—
Gain on disposal of a subsidiary (<i>note 10</i>)	1
Total consideration	1
Consideration settled in cash and cash inflow on disposal	1

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

29. Connected and Related Party Transactions

During the year, the Group had the following transactions with its related parties:

	<i>Notes</i>	2016 HK\$	2015 HK\$
Performance fee paid to Hua Yu Investment Management Limited	<i>(a)</i>	2,648,553	279,294
Investment management fee paid to Hua Yu Investment Management Limited	<i>(a)</i>	2,376,664	2,269,722
Financial advisory fee paid to Hua Yu Investment Management Limited	<i>(b)</i>	360,000	360,000
Custodian fee paid to Bank of Communication Trustee Limited	<i>(c)</i>	35,200	35,200
Purchase of a subsidiary from non-executive directors	<i>(d)</i>	—	9,500,000

- a) The Company and Hua Yu Investment Management Limited, the investment manager in which a director of the Company, Mr. Leong Chi Wai, is also a director and shareholder of the investment manager, had entered into an investment management agreement on 28 May 2014 for the service period of three years to 31 May 2017. Monthly investment management fee is payable quarterly at 1.5% of the Gross Net Asset Value (NAV) per annum, calculated as the arithmetical average of the published Gross NAV on the last day of each calendar month during each relevant year.

In addition to the above management fee, a performance fee is payable annually at 15% on the amount of audited consolidated NAV of the Company (calculated as at the end of each respective financial year) exceeding the High Watermark as at the financial year, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the Gross NAV.

The annual cap for the management fee and performance fee for the seven months ended 31 December 2014, years ended 31 December 2015 and 31 December 2016 and the five months ending 31 May 2017 are HK\$3,050,000, HK\$10,000,000, HK\$12,500,000 and HK\$1,800,000 respectively. These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

- b) The Company entered corporate financial advisory agreement with the investment manager as referred to in (a) above on 28 May 2014 for corporate finance advisory service in relation to the compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited. The investment manager is entitled to a monthly fee of HK\$30,000 for its services pursuant to the corporate financial advisory agreement.

The annual cap for the corporate finance advisory fee for the seven months ended 31 December 2014, years ended 31 December 2015 and 31 December 2016 and the five months ending 31 May 2017 are HK\$210,000, HK\$360,000, HK\$360,000 and HK\$150,000 respectively. These continuing connected transactions were approved at the extraordinary general meeting of the Company held on 24 June 2014.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

29. Connected and Related Party Transactions (Continued)

- c) Pursuant to a custodian agreement dated 30 June 2009 between the Company and a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group.

The custodian is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

- d) As disclosed in note 25 on the financial statements and the purchase announcement made on 6 March 2015, the Company and Ms. Chan Pui Kwan ("Ms. Chan") and Mr. Ma Chun Fai ("Mr. Ma"), both are non-executive directors of the Company, have entered into a Sale and Purchase Agreement ("the Agreement") dated 6 March 2015 in relation to the acquisition of the share capital of US\$2 (equivalent to HK\$15.60) divided into 2 shares of US\$1 each and the loan of HK\$10,498,854 of Rainbow Ocean at a cash consideration of HK\$9,500,000.

Rainbow Ocean was 50% owned by Ms. Chan and 50% by Mr. Ma. Each of them is a substantial shareholder of the Company with indirect holding through Sharp Years Limited which holds 254,500,000 shares in the Company, representing approximately 13.40% of the issued share capital of the Company. Accordingly, they are connected persons of the Company and the acquisition constituted a connected transaction of the Company for the year ended 31 December 2015, but the transaction falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

As disclosed in note 16 on the financial statements, the principal activity of Rainbow Ocean is investment holding. Rainbow Ocean owns 25% of the equity interest of Purple Link which holds 25% of the property project in Thailand. That is a residential and commercial condominium development project located in land plot number 69, 68, 109, 121 and 351, Nong Prue Sub-district, Banglamung District, Chonburi Province, Thailand, targeted at international buyers and holiday home of Bangkok Thai families. The property units comprised 87 resort residential condominium units with a total gross area of 3,983 square meters.

- e) The remuneration of directors and other members of key management during the year were disclosed in note 12.
- f) Details of the balances with an associate and investment manager is disclosed in notes 17 and 22 respectively.

The above transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties.

The related party transactions in respect of items (a) to (d) above also fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

30. Statement of Financial Position and Reserve Movement of the Company

- a) Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 HK\$	2015 HK\$
Non-current assets		
Property, plant and equipment	73,482	358,132
Investments in subsidiaries	121,065	121,048
Loans to subsidiaries	31,750,000	66,930,304
Amounts due from subsidiaries	10,812,106	3,464,531
	42,756,653	70,874,015
Current assets		
Loans to subsidiaries	87,802,648	5,000,000
Other receivables, deposits and prepayments	769,524	533,269
Financial assets at fair value through profit or loss	23,441,696	12,399,628
Cash and bank balances	13,091,304	69,291,017
	125,105,172	87,223,914
Current liabilities		
Other payables and accruals	3,629,323	1,211,692
	3,629,323	1,211,692
Net current assets	121,475,849	86,012,222
Net assets	164,232,502	156,886,237
Capital and reserves		
Share capital	18,995,000	18,995,000
Reserves <i>note (b)</i>	145,237,502	137,891,237
Total equity	164,232,502	156,886,237

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 24 March 2017.

Leung King Yue, Alex
Executive Director

Lewis Chan
Executive Director

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

30. Statement of Financial Position and Reserve Movement of the Company (Continued)

b) A summary of the Company's reserves is as follows:

	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2015	231,014,560	(100,127,506)	130,887,054
Profit and total comprehensive income for the year	—	7,004,183	7,004,183
Balance as at 31 December 2015 and 1 January 2016	231,014,560	(93,123,323)	137,891,237
Profit and total comprehensive income for the year	—	7,346,265	7,346,265
Balance as at 31 December 2016	231,014,560	(85,777,058)	145,237,502