ETS GROUP LIMITED
易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8031)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

This announcement for which the directors (the "Directors") of ETS Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year ended 31 December 2015 was approximately HK$143,612,000 representing a decrease of approximately 18.4% as compared to that of approximately HK$176,044,000 in 2014.

Profit attributable to owners of the Company for the year ended 31 December 2015 was approximately HK$9,190,000 representing a decrease of approximately 35.9% as compared to that of approximately HK$14,335,000 in 2014.

Earnings per share for the year ended 31 December 2015 was HK3.3 cents (2014: HK5.1 cents).

The board of Directors recommends the payment of a final dividend of HK0.96 cents per share for the year ended 31 December 2015 (2014: HK1.5 cents).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Revenue	*5*	**143,612**	176,044
Other income	*6*	**762**	971
Other losses – net	*7*	**(2,065)**	(150)
Employee benefits expenses		**(80,986)**	(101,169)
Depreciation and amortization		**(8,270)**	(9,589)
Other operating expenses		**(41,132)**	(49,681)
Operating profit		**11,921**	16,426
Finance costs		**(582)**	(659)
Profit before tax	*8*	**11,339**	15,767
Income tax expense		**(2,149)**	(1,384)
Profit for the year		**9,190**	14,383
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences on translating foreign operations		–	(48)
Total comprehensive income for the year		**9,190**	14,335
Profit attributable to owners of the Company		**9,190**	14,335
Total comprehensive income attributable to owners of the Company		**9,190**	14,335
Earnings per share attributable to owners of the Company – Basic and diluted (HK cents)		**3.3**	5.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	*10*	**4,961**	7,628
Intangible assets	*11*	**7,889**	9,706
Investment in an associate		**–**	–
Deferred income tax assets		**1,011**	874
		13,861	18,208
Current assets			
Trade and other receivables	*12*	**58,460**	65,617
Financial assets designated as at fair value through profit or loss		**6,648**	7,626
Amount due from an associate		**9,318**	4,959
Amounts due from related companies		**319**	2,299
Pledged bank deposits		**4,787**	4,777
Current income tax recoverable		**–**	743
Cash and cash equivalents		**31,936**	17,121
		111,468	103,142
Current liabilities			
Trade and other payables	*13*	**14,618**	12,114
Borrowings	*14*	**1,711**	3,930
Current income tax liabilities		**148**	–
		16,477	16,044
Net current assets		**94,991**	87,098
Total assets less current liabilities		**108,852**	105,306
Non-current liabilities			
Deferred income tax liabilities		**333**	517
Net assets		**108,519**	104,789
Equity attributable to the owners of the Company			
Share capital		**2,800**	2,800
Share premium		**25,238**	25,238
Reserves		**80,481**	76,751
Total equity		**108,519**	104,789

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Merger reserve**	**Translation**	**Retained profits**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 January 2014	2,800	25,238	25,624	48	42,904	96,614
Profit for the year	–	–	–	–	14,383	14,383
Other comprehensive income						
Currency translation differences	–	–	–	68	–	68
Disposal of subsidiaries	–	–	–	(116)	–	(116)
Total comprehensive income for the year	–	–	–	(48)	14,383	14,335
Dividends paid	–	–	–	–	(6,160)	(6,160)
Balance as at 31 December 2014 and 1 January 2015	2,800	25,238	*25,624	*–	*51,127	104,789
Profit for the year	–	–	–	–	9,190	9,190
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	9,190	9,190
Dividends paid	–	–	–	–	(5,460)	(5,460)
Balance as at 31 December 2015	**2,800**	**25,238**	***25,624**	***–**	***54,857**	**108,519**

* These reserve accounts comprise the consolidated reserves of approximately HK$80,481,000 (2014: HK$76,751,000) in the consolidated statement of financial position.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Cash flows from operating activities		
Profit before tax	**11,339**	15,767
Adjustments for:		
Interest income	**(762)**	(886)
Interest expense	**582**	659
Depreciation and amortization	**8,270**	9,589
Gain on disposal of subsidiaries	**–**	(791)
Loss on disposal of property, plant and equipment	**16**	–
Fair value loss on financial assets designated as at fair value through profit or loss	**978**	455
Operating cash flows before changes in working capital	**20,423**	24,793
Trade and other receivables	**3,157**	(3,492)
Amount due from an associate	**(4,359)**	(3,838)
Amounts due from related companies	**1,980**	(3,976)
Financial assets designated as at fair value through profit or loss	**–**	(3,279)
Amounts due to related companies	**–**	(335)
Trade and other payables	**2,504**	(278)
Cash generated from operations	**23,705**	9,595
Income tax paid	**(1,579)**	(5,727)
Net cash generated from operating activities	**22,126**	3,868
Cash flows from investing activities		
Disposal of subsidiaries, net of cash proceeds	**–**	(2,344)
Proceeds from disposal of subsidiaries	**4,000**	–
Interest received	**762**	886
Increase in pledged bank deposits	**(10)**	(9)
Additions of intangible assets	**(3,385)**	(3,650)
Purchase of property, plant and equipment	**(417)**	(6,292)
Net cash generated from/(used in) investing activities	**950**	(11,409)

	2015	2014
	HK$'000	*HK$'000*
Cash flows from financing activities		
Dividends paid	**(5,460)**	(6,160)
Interest paid	**(582)**	(659)
Proceeds from bank borrowings	**77,047**	81,361
Repayment of bank borrowings	**(79,266)**	(84,491)
Net cash used in financing activities	**(8,261)**	(9,949)
Net increase/(decrease) in cash and cash equivalents	**14,815**	(17,490)
Effect of foreign exchange rate changes, net	**–**	72
Cash and cash equivalents at beginning of the year	**17,121**	34,539
Cash and cash equivalents at end of the year	**31,936**	17,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

ETS Group Limited is an investment holding company. ETS Group Limited and its subsidiaries (collectively referred as to the "Group") are principally engaged in providing comprehensive multi-media contact services and contact centre system in Hong Kong.

The Company was incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the GEM with effect from 9 January 2012.

As at 31 December 2015, the directors regard Million Top Enterprises Limited, a company incorporated in Hong Kong with limited liability, as the parent and ultimate holding company of the Company.

The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the Company's principal place of business in Hong Kong is 4th Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issued by the Board (the "Board") of Directors on 17 March 2016.

2. 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, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendments from annual improvements to HKFRSs-2010–2012 Cycle, on HKFRS 8, "Operating Segments", HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets" and HKAS 24, "Related Party Disclosures".

Amendments from annual improvements to HKFRSs-2011–2013 Cycle, on HKFRS 3, "Business Combinations", HKFRS 13, "Fair Value Measurement" and HKAS 40, "Investment Property".

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

(b) *New Hong Kong Companies Ordinance (Cap.622)*

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

(c) *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial Instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

HKFRS 15, "Revenue from Contracts with Customers", deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

Amendments to HKAS 1 "Disclosure Initiative", the amendments clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The key areas addressed by the changes are as follows: (a) Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. An entity need not provide disclosures if the information is not material; (b) Disaggregation and subtotals: the amendments clarify what additional subtotals are acceptable and how they should be presented; (c) Notes: an entity is not required to present the notes to the financial statements in a particular order, and management should tailor the structure of their notes to their circumstances and the needs of their users; (d) Accounting policies: how to identify a significant accounting policy that should be disclosed; (e) Other comprehensive income from equity accounted investments: other comprehensive income of associates and joint ventures should be separated into the share of items that will subsequently be reclassified to profit or loss and those that will not. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of HKAS 1.

Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization", the amendments clarify when a method of depreciation or amortization based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

The amendment to HKAS 38 establishes a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

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

The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of HKAS 16 and HKAS 38.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss and other comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions (that is, as transactions with the owners of the subsidiary in their capacity as owners). The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in an associate are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated statement of profit or loss and other comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of an associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in an associate is recognized in the consolidated statement of profit or loss and other comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) 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 (HK$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss and other comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other losses – net".

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) 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;

(ii) income and expenses for each statement of profit or loss and other comprehensive income 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 rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Leasehold improvements	:	Over the term of the lease or 5 years, whichever is shorter
– Furniture and fixtures	:	5 years
– Computer equipment	:	3 years
– Computer software	:	5 years
– Electronic and office equipment	:	5 years
– Motor vehicles	:	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other losses – net" in the consolidated statement of profit or loss and other comprehensive income.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Internally generated software development costs

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sale;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed four years.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

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

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "amount due from an associate", "amounts due from related companies", "pledged bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date (the date on which the Group commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of profit or loss and other comprehensive income within "Other losses – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of profit or loss and other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of profit or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income on equity instruments are not reversed through the consolidated statement of profit or loss and other comprehensive income.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandize sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowing costs

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

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.21 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of goods and services provided, stated net of discounts returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Service fee income from provision of telecommunication and related services is recognized upon the rendering of the relevant services.

(b) Revenue from the sales of systems and software is recognized on the transfer of the significant risks and rewards of ownership of products, which generally coincides with the time when the products are delivered to customers and titles have passed.

(c) Licence fee income is recognized in accordance with the relevant agreements.

(d) System maintenance income is recognized upon the rendering of the relevant services.

2.23 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

2.24 Leases

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 charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk mainly arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The management of the Group considers the foreign exchange risk of the Group is not significant, and thus does not have any active policies to hedge against the foreign exchange risk.

(ii) Price risk

Equity price risk is the risk that the fair values of investment decrease as a result of changes in the levels of equity indices and the value of individual investment. The Group is exposed to price risk arising from investments classified as financial assets designated as at fair value through profit or loss.

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

	Carrying amount of investment	**Increase/ (Decrease) in profit before tax**	**Increase/ (Decrease) in equity**
	HK$'000	***HK$'000***	***HK$'000***
As at 31 December 2015			
Unlisted investment at fair value			
– Financial assets designated as at fair value through profit or loss			
5% increase in fair value	**332**	**332**	**332**
5% decrease in fair value	**(332)**	**(332)**	**(332)**

	Carrying amount of investment	Increase/ (Decrease) in profit before tax	Increase/ (Decrease) in equity
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2014			
Unlisted investment at fair value			
– Financial assets designated as at fair value through profit or loss			
5% increase in fair value	381	381	381
5% decrease in fair value	(381)	(381)	(381)

(iii) Cash flow and fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong dollar prime rate arising from the Group's Hong Kong dollar denominated bank borrowings.

The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before taxation would have been decreased/increased by approximately HK$17,000 (2014: HK$39,000). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year end had been applied to the exposure to interest rate risk for bank borrowings in existence at the end of the reporting period. The 100 basis points decreased/increased represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period.

(b) Credit risk

The Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables, financial assets designated as at fair value through profit or loss, amount due from an associate, amounts due from related companies, pledged bank deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2015, the Group has certain concentrations of credit risk as 24% and 58% (2014: 22% and 54%) of the Group's trade receivables were due from the Group's largest customer and the Group's five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Note 12.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

	On demand or within 1 year *HK$'000*	More than 1 year but less than 5 years *HK$'000*	Total *HK$'000*
As at 31 December 2015			
Trade and other payables excluding non-financial liabilities	**12,464**	**–**	**12,464**
Borrowings			
– Term loan subject to a repayable on demand clause	**1,730**	**–**	**1,730**
	14,194	**–**	**14,194**

	On demand or within 1 year *HK$'000*	More than 1 year but less than 5 years *HK$'000*	Total *HK$'000*
As at 31 December 2014			
Trade and other payables excluding non-financial liabilities	10,463	–	10,463
Borrowings			
– Term loan subject to a repayable on demand clause	4,016	–	4,016
	14,479	–	14,479

The following table summarizes the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments as set out in the loan agreements. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	On demand or within 1 year *HK$'000*	**More than 1 year but less than 5 years** *HK$'000*	**Total** *HK$'000*
As at 31 December 2015			
Borrowings – Term loan subject to a repayable on demand clause	**1,730**	**–**	**1,730**
As at 31 December 2014			
Borrowings – Term loan subject to a repayable on demand clause	3,000	1,016	4,016

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt comprises total debt (including trade and other payables and borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Total debt	**16,329**	16,044
Less: cash and cash equivalents	**(31,936)**	(17,121)
Net debt	**–**	–
Total equity	**108,519**	104,789
Total capital	**108,519**	104,789
Gearing ratio	**N/A**	N/A

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 31 December 2015, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets designated as at fair value through profit or loss				
– Unlisted investment designated as at fair value through profit or loss	**–**	**6,648**	**–**	**6,648**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets designated as at fair value through profit or loss				
– Unlisted investment designated as at fair value through profit or loss	–	7,626	–	7,626

There were no significant transfers of financial assets between Level 1 and Level 2 fair value hierarchy classifications and no transfers into or out of Level 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3.4 Financial instruments by category

	2015	2014
	HK$'000	*HK$'000*
Assets as per statement of financial position		
Financial assets designated as at fair value through profit or loss	**6,648**	7,626
Loans and receivables:		
– Trade and other receivables excluding prepayments	**52,033**	65,092
– Amount due from an associate	**9,318**	4,959
– Amounts due from related companies	**319**	2,299
– Pledged bank deposits	**4,787**	4,777
– Cash and cash equivalents	**31,936**	17,121
	105,041	101,874

	2015	2014
	HK$'000	*HK$'000*
Liabilities as per statement of financial position		
At amortized costs:		
– Trade and other payables excluding non-financial liabilities	**12,464**	10,463
– Borrowings	**1,711**	3,930
	14,175	14,393

4. 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 addressed below.

Income taxes

The Group is subject to income tax in Hong Kong. Significant judgment is required in determining the amount of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on ongoing assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgments and estimates. Management reassesses the provision for impairment of trade and other receivables at the end of the reporting period.

Impairment of capitalized software development costs

Determining whether capitalized software development costs are impaired requires an estimation of the recoverable amount determined by the value in use of the capitalized software development costs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the capitalized software development costs and a suitable discount rate in order to calculate the present value. The Group carries out an impairment review assessment on the capitalized software development costs at the end of the reporting period and no impairment charge is made for the year.

Useful life and residual value of property, plant and equipment

The management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions and may vary significantly as a result of technical innovation and keen competition from competitors, resulting in higher depreciation charge and/or write-off or write-down of technically obsolete assets when residual value or useful lives are less than previously estimated.

5. SEGMENT INFORMATION AND REVENUE

The directors of the Company review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources, and operating segment is identified with reference to these.

The reportable operating segments derive their revenue primarily from the following business units in Hong Kong:

(a) Outsourcing inbound contact service;

(b) Outsourcing outbound contact service;

(c) Staff insourcing service;

(d) Contact service centre facilities management service; and

(e) The "Others" segment which principally comprises licencing, sales of system and software and system maintenance.

The segment information provided to the board of directors for the reportable segments for the years ended 31 December 2014 and 2015 are as follows:

For the year ended 31 December 2015

	Outsourcing inbound contact service *HK$'000*	Outsourcing outbound contact service *HK$'000*	Staff insourcing service *HK$'000*	Contact service centre facilities management service *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue						
Hong Kong	**13,440**	**64,969**	**32,279**	**24,054**	**8,870**	**143,612**
Segment results						
Hong Kong	**2,340**	**5,957**	**3,786**	**7,354**	**5,097**	**24,534**
Depreciation and amortization	**491**	**3,297**	**–**	**3,226**	**1,028**	**8,042**
Total segment assets						
Hong Kong	**8,531**	**26,424**	**8,398**	**12,390**	**7,589**	**63,332**
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	**264**	**1,775**	**–**	**1,737**	**–**	**3,776**
Total segment liabilities	**189**	**3,602**	**2,743**	**903**	**–**	**7,437**

For the year ended 31 December 2014

	Outsourcing inbound contact service *HK$'000*	Outsourcing outbound contact service *HK$'000*	Staff insourcing service *HK$'000*	Contact service centre facilities management service *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue						
Hong Kong	13,448	56,965	29,051	29,686	7,305	136,455
PRC	18,418	16,388	4,027	61	695	39,589
	31,866	73,353	33,078	29,747	8,000	176,044
Segment results						
Hong Kong	2,094	8,003	5,510	8,746	5,140	29,493
PRC	2,205	1,009	711	9	160	4,094
	4,299	9,012	6,221	8,755	5,300	33,587
Depreciation and amortization	993	2,789	–	3,926	1,099	8,807
Total segment assets						
Hong Kong	6,303	22,789	7,131	15,447	7,570	59,240
	6,303	22,789	7,131	15,447	7,570	59,240
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	261	1,523	–	2,480	1,271	5,535
Total segment liabilities						
Hong Kong	77	2,838	1,524	291	500	5,230
	77	2,838	1,524	291	500	5,230

There were no inter-segment sales during the year ended 31 December 2015. The revenue from external parties reported to the Company's directors is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

A reconciliation of segment results to profit before tax is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Segment results for reportable segments	**24,534**	33,587
Unallocated:		
Other income	**762**	971
Other losses – net	**(2,065)**	(150)
Depreciation and amortization	**(228)**	(782)
Finance costs	**(582)**	(659)
Corporate and other unallocated expenses	**(11,082)**	(17,200)
Profit before tax	**11,339**	15,767

The amounts provided to the Company's directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	2015 *HK$'000*	2014 *HK$'000*
Segment assets for reportable segments	**63,332**	59,240
Unallocated:		
Property, plant and equipment	**549**	749
Financial assets designated as at fair value through profit or loss	**6,648**	7,626
Current income tax recoverable	**–**	743
Deferred income tax assets	**1,011**	874
Corporate and other unallocated assets	**53,789**	52,118
Total assets per consolidated statement of financial position	**125,329**	121,350

The amounts provided to the Company's directors with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2015	2014
	HK$'000	*HK$'000*
Segment liabilities for reportable segments	**7,437**	5,230
Unallocated:		
Deferred income tax liabilities	**333**	517
Current income tax liabilities	**148**	–
Borrowings	**1,711**	3,930
Corporate and other unallocated liabilities	**7,181**	6,884
Total liabilities per consolidated statement of financial position	**16,810**	16,561

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category

	2015	2014
	HK$'000	*HK$'000*
Service fee income from provision of telecommunication and related services	**134,742**	168,044
Sales of system and software	**7,537**	6,446
System maintenance income	**1,333**	1,554
	143,612	176,044

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. The result of its revenue from external customers in Hong Kong is HK$141,366,000 (2014: HK$136,455,000), and the total of revenue from external customers from other countries is HK$2,246,000 (2014: HK$39,589,000). The breakdown of the major component of the total of revenue from external customers from other countries is disclosed above.

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Hong Kong is HK$12,850,000 (2014: HK$17,334,000), and none of these non-current assets is located in other countries (2014: Nil).

Information about major customers

Revenue from major customers, each of whom contributed to 10% or more of the Group's total revenues, is set out below:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**32,944**	28,395
Customer B	**20,097**	20,701
Customer C	**14,685**	N/A[1]
Customer D	**N/A[1]**	25,013
	67,726	74,109

[1] The corresponding revenue did not contribute to 10% or more of the total revenues of the Group for the year ended 31 December 2014 and 2015.

6. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income from bank deposits	**762**	886
Sundry income	**–**	85
	762	971

7. OTHER LOSSES – NET

	2015	2014
	HK$'000	*HK$'000*
Financial assets designated as at fair value through profit or loss		
– Fair value loss	**(978)**	(455)
Net foreign exchange losses	**(1,071)**	(486)
Gain on disposal of subsidiaries	**–**	791
Loss on disposal of property, plant and equipment	**(16)**	–
	(2,065)	(150)

8. PROFIT BEFORE TAX

	2015	2014
	HK$'000	*HK$'000*
Profit before tax is stated after charging:		
Depreciation and amortization		
Depreciation of owned property, plant and equipment	**3,068**	4,653
Amortization of intangible assets	**5,202**	4,936
Total depreciation and amortization	**8,270**	9,589
Auditors' remuneration	**850**	926
Operating lease payments in respect of rented premises	**9,005**	10,828
Research and development costs	**5,202**	4,936

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim dividend paid of HK0.45 cents (2014: HK0.7 cents) per ordinary share	**1,260**	1,960
Proposed final dividend of HK0.96 cents (2014: HK1.5 cents) per ordinary share	**2,688**	4,200
	3,948	6,160

The dividends paid in 2014 and 2015 were HK$6,160,000 (HK2.20 cents per ordinary shares) and HK$5,460,000 (HK1.95 cents per ordinary share) respectively.

At a meeting held on 17 March 2016, the board of directors declared the payment of a final dividend of HK0.96 cents per ordinary share for the year ended 31 December 2015. The proposed final dividend for the year ended 31 December 2015 is to be approved by the shareholders at the forthcoming annual general meeting. This final dividend has not been recognized as a liability at the year ended 31 December 2015.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements, furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Computer software *HK$'000*	Electronic and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
As at 1 January 2014						
Cost	24,078	22,682	13,633	16,707	2,750	79,850
Accumulated depreciation	(19,269)	(22,101)	(10,329)	(15,344)	(2,334)	(69,377)
Net book amount	4,809	581	3,304	1,363	416	10,473
Year ended 31 December 2014						
Opening net book amount	4,809	581	3,304	1,363	416	10,473
Currency translation differences	(7)	–	(3)	(1)	(2)	(13)
Disposal of subsidiaries	(2,841)	–	(324)	(1,159)	(147)	(4,471)
Additions	4,032	253	1,286	721	–	6,292
Depreciation charge	(2,313)	(398)	(1,183)	(500)	(259)	(4,653)
Closing net book amount	3,680	436	3,080	424	8	7,628
As at 31 December 2014						
Cost	22,675	22,935	14,535	15,395	462	76,002
Accumulated depreciation	(18,995)	(22,499)	(11,455)	(14,971)	(454)	(68,374)
Net book amount	3,680	436	3,080	424	8	7,628
Year ended 31 December 2015						
Opening net book amount	**3,680**	**436**	**3,080**	**424**	**8**	**7,628**
Additions	**128**	**212**	**14**	**63**	**–**	**417**
Disposals	**(16)**	**–**	**–**	**–**	**–**	**(16)**
Depreciation charge	**(1,349)**	**(303)**	**(1,219)**	**(189)**	**(8)**	**(3,068)**
Closing net book amount	**2,443**	**345**	**1,875**	**298**	**–**	**4,961**
As at 31 December 2015						
Cost	**22,754**	**23,147**	**14,549**	**15,458**	**462**	**76,370**
Accumulated depreciation	**(20,311)**	**(22,802)**	**(12,674)**	**(15,160)**	**(462)**	**(71,409)**
Net book amount	**2,443**	**345**	**1,875**	**298**	**–**	**4,961**

11. INTANGIBLE ASSETS

	Goodwill	Internally generated software development costs	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2014			
Cost	9,825	32,844	42,669
Accumulated amortization	–	(21,852)	(21,852)
Net book amount	9,825	10,992	20,817
Year ended 31 December 2014			
Opening net book amount	9,825	10,992	20,817
Additions	–	3,650	3,650
Disposal of subsidiaries	(9,825)	–	(9,825)
Amortization charge	–	(4,936)	(4,936)
Closing net book amount	–	9,706	9,706
As at 31 December 2014			
Cost	–	36,494	36,494
Accumulated amortization	–	(26,788)	(26,788)
Net book amount	–	9,706	9,706
Year ended 31 December 2015			
Opening net book amount	**–**	**9,706**	**9,706**
Additions	**–**	**3,385**	**3,385**
Disposal of subsidiaries	**–**	**–**	**–**
Amortization charge	**–**	**(5,202)**	**(5,202)**
Closing net book amount	**–**	**7,889**	**7,889**
As at 31 December 2015			
Cost	**–**	**39,879**	**39,879**
Accumulated amortization	**–**	**(31,990)**	**(31,990)**
Net book amount	**–**	**7,889**	**7,889**

Internally generated capitalized software development costs have definite useful lives and are amortized on a straight-line basis over 4 years.

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**41,393**	37,697
Other receivables, deposits and prepayments	**17,067**	27,920
	58,460	65,617

The average credit period on the Group's sales is 30 days. The aging analysis of the trade receivables based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**27,993**	23,587
31 – 60 days	**6,676**	5,371
61 – 90 days	**2,386**	2,315
Over 90 days	**4,338**	6,424
	41,393	37,697

As at 31 December 2015, the Group's trade receivables of approximately HK$17,412,000 (2014: HK$14,055,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**10,078**	4,159
31 – 60 days	**2,912**	3,469
61 – 90 days	**1,529**	1,684
Over 90 days	**2,893**	4,743
	17,412	14,055

As at 31 December 2015, none of the Group's trade receivables were impaired (2014: Nil).

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
HK$	**52,780**	65,617
RMB	**5,680**	–
	58,460	65,617

As at 31 December 2014 and 2015, the carrying amounts of the Group's trade and other receivables approximated their fair values due to short duration.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

13. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**1,962**	993
Other payables and accruals	**12,656**	11,121
	14,618	12,114

As at 31 December 2015, the aging analysis of the trade payables based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**1,093**	297
31 – 60 days	**802**	95
61 – 90 days	**32**	95
Over 90 days	**35**	506
	1,962	993

14. BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Current		
Secured bank borrowings	**1,711**	3,793
Unsecured bank borrowings	**–**	137
	1,711	3,930

All the bank borrowings are analyzed as follows (Note):

	2015	2014
	HK$'000	*HK$'000*
Within 1 year	**1,711**	2,931
More than 1 year but not more than 2 years	**–**	999
More than 2 years but not more than 5 years	**–**	–
	1,711	3,930

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The carrying values of the bank borrowings approximately equal to their fair values, as the market interest rates are relatively stable.

The effective interest rates of the bank borrowings is from 2.75% to 7% per annum as at 31 December 2015 (2014: from 2.75% to 7% per annum) and mature until 2016.

The carrying amounts of the Group's borrowings are denominated in HK$.

As at 31 December 2015, the banking facilities and factoring facilities of the Group were secured by the followings:

(i) Corporate guarantees executed by ETS Group Limited;

(ii) Pledged financial assets designated as at fair value through profit or loss with carrying amount of approximately HK$6,648,000 (2014: HK$7,626,000);

(iii) Pledged bank deposits with carrying amount of approximately HK$4,787,000 (2014: HK$4,777,000);

(iv) Proceeds in relation to certain trade receivables of the subsidiaries of the Company; and

(v) Assignment of certain trade receivables by the subsidiaries of the Company.

15. COMMITMENTS

Operating lease commitments

The Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of rented office premises as follows:

	2015	2014
	HK$'000	*HK$'000*
No later than 1 year	**8,131**	6,722
Later than 1 year and no later than 5 years	**6,189**	1,005
	14,320	7,727

The Group leases office premises are under operating lease agreements. Lease for properties are for terms ranging from 1 to 3 years.

16. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions during the year:

Name of related party	**Nature of transactions**	*Notes*	**2015**	2014
			HK$'000	*HK$'000*
Always Beyond Limited	Premise rental expenses	*(i), (vi) & (ix)*	**1,213**	–
Best Price Market Limited	Sales of system and provide relevant services	*(i) & (vii)*	**(193)**	–
East Ocean Food (Hong Kong) Limited	Seasonal event expenses	*(i) & (v)*	**23**	–
East Ocean Gourmet Group Limited	Outsourcing inbound contact service income	*(ii) & (v)*	**(202)**	–
SG Marketing Limited	Insourcing service income	*(ii) & (v)*	**(8)**	–
SG Hotel Group Management Limited	Insourcing service income	*(iii) & (v)*	**(75)**	–

Name of related party	Nature of transactions	*Notes*	**2015**	2014
			HK$'000	*HK$'000*
Epro Career Limited	Insourcing fee expenses	*(iv) & (v)*	**13,410**	12,571
Epro Techsoft Limited	System maintenance income	*(v), (viii) & (ix)*	**(631)**	(1,554)
Take Shine Limited	Premise rental expenses	*(viii) & (x)*	**–**	97
Guangzhou Epro Information Technology Company Limited	Subcontracting fee for software technical research and development services	*(v) & (viii)*	**–**	6,065
eGalaxy Immigration Consultants Limited	Facilities management income	*(v), (viii) & (xi)*	**–**	(56)

Notes:

(i) Always Beyond Limited, Best Price Market Limited and East Ocean Food (Hong Kong) Limited are controlled by the family members of Mr. Tang Shing Bor who is a non-executive director of the Company.

(ii) East Ocean Gourmet Group Limited and SG Marketing Limited are controlled by Mr. Tang Yiu Sing who is the executive director of the Company.

(iii) SG Hotel Group Management Limited is wholly owned by Stan Group (Holding) Limited which, in turn, is wholly-owned by Mr. Tang Yiu Sing.

(iv) Epro Career Limited is an associate of Epro Telecom Holdings Limited.

(v) Seasonal event expenses, outsourcing inbound contact service income, insourcing service income, insourcing fee expenses, system maintenance income, subcontracting fee and facilities management income are based on terms mutually agreed between the parties involved.

(vi) Pursuant to old rental agreement entered into between Always Beyond Limited and Epro Telecom Services Limited (a subsidiary of the Company) on 23 December 2014 and the renewed rental agreement entered into between Always Beyond Limited and Epro Telecom Services Limited on 2 November 2015, Epro Telecom Services Limited agreed to lease the premises for a term from 23 December 2014 to 1 November 2015 and for a term from 2 November 2015 to 1 November 2016 respectively.

(vii) Pursuant to agreement entered into between Best Price Market Limited and Epro Telecom Services Limited on 21 December 2015, Epro Telecom Services agreed to sell the Business Centre System and provide relevant services to Best Price Market Limited.

(viii) Epro Techsoft Limited, Guangzhou Epro Information Technology Company Limited, Take Shine Limited and eGalaxy Immigration Consultants Limited are subsidiaries of Epro Group International Limited. The related party relationship ceased upon the completion of a sales and purchase agreement entered into between, among others, Excel Deal Holdings Limited, as vendor, and Million Top Enterprises Limited, as purchaser, which took place after the trading hour on 21 July 2015.

(ix) These related party transactions will constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

(x) Pursuant to a rental agreement entered into between Take Shine Limited and Guangzhou JunFeng Network Technology Company Limited (a former subsidiary of the Company) on 23 January 2013, Guangzhou JunFeng Network Technology Company Limited agreed to lease the premise for a term from 1 January 2013 to 1 February 2014.

(xi) Pursuant to a rental agreement entered into between eGalaxy Immigration Consultants Limited and Epro Online Services Limited (a subsidiary of the Company) on 1 November 2014, eGalaxy Immigration Consultants Limited agreed to lease the facilities for a term from 1 November 2014 to 31 October 2015.

Key management personnel compensation

	2015	2014
	HK$'000	*HK$'000*
Salaries and short-term employee benefits	**5,512**	8,374
Post-employment benefits	**97**	143
	5,609	8,517

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS

OVERVIEW

The Group is continuously engaged in the business of providing comprehensive multi-media contact services and contact centre system. The principle services of the Group include:

Outsourcing Inbound Contact Service

The Group provides multi-media inbound contact service which our clients outsource to us. The inbound contact services we provide include general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines and helpdesk hotlines. Our inbound operation covers 24 hours a day and 7 days a week.

Outsourcing Outbound Contact Service

The Group bases on the call lists provided by our clients to perform outsourcing outbound contact services including telemarketing services, customer retention services, cross-selling and customer satisfaction surveys. These services are carried out at calling hours specified by our clients.

Staff Insourcing Service

The Group assigns contact service staff that meets the required qualification and requirements to work at our clients' contact service centres or other designated premises to help our clients in the operation of their contact services or business. We provide our clients with contact service staff for customer service, telemarketing, data entry and other backend support.

Contact Service Centre Facilities Management Service

The contact service centre facilities management service is comprised of three types of service including (a) leasing of our contact centre facilities in form of workstation, (b) IVRS hosting service and (c) contact centre system hosting solution.

COMPLETION OF THE SALES AND PURCHASE AGREEMENT

Reference is made to (i) the announcement jointly issued by the Company and Million Top Enterprises Limited (the "Offeror") dated 10 June 2015 in relation to, among other matters, the conditional purchase of 185,000,000 shares (the "Sale Shares") with a par value of HK$0.01 each in the share capital of the Company (each, a "Share") by the Offeror and the possible unconditional mandatory cash offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) by Yu Ming Investment Management Limited on behalf of the Offeror (the "Offer"); (ii) the announcement jointly issued by the Company and the Offeror dated 30 June 2015 in relation to delay in despatch of composite document; and (iii) the announcement jointly issued by the Company and the Offeror dated 21 July 2015 in relation to completion of the Sale and Purchase Agreement (as defined below) and the Offer.

The Company was informed by Excel Deal Holdings Limited ("Vendor"), the then controlling shareholder of the Company, that on 5 June 2015 (after trading hours), the Offeror, the Vendor, Mr. Tang Shing Bor, and Mr. Ling Chiu Yum and Mr. Wong Wai Hon Telly had entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Offeror has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being 185,000,000 Shares, for a total consideration of HK$222,000,000, equivalent to HK$1.2 per Sale Share (the "Acquisition"). The Sale Shares represent approximately 66.07% of the entire issued share capital of the Company as at the date of the joint announcement dated 10 June 2015.

Pursuant to the announcement jointly issued by the Company and the Offeror dated 21 July 2015, the Company (which was informed by the Vendor) and the Offeror announced that the Sale and Purchase Agreement had become unconditional and completion of the Acquisition ("Completion") took place after the trading hours on 21 July 2015. Following Completion and as at the date of the joint announcement dated 21 July 2015, the Offeror and parties acting in concert with it hold a legal and beneficial interest in, and control voting rights in respect of, an aggregate of 210,000,000 Shares, representing 75% of the entire issued share capital of the Company.

COMPETITION

The following Director and his close associate are considered to have interests in the following business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Tang Yiu Sing ("**Mr. Tang**") is an executive Director and Mr. Tang Shing Bor is a non-executive Director. Mr. Tang is a director and the ultimate beneficial owner of Stan Group (Holdings) Limited ("**Stan Group**") which is engaged in, among others, the operation of a comprehensive business platform in Hong Kong, including but not limited to co-working space business, and Mr. Tang Shing Bor is the father of Mr. Tang. In this regard, Mr. Tang is considered to have interests in businesses which compete, or is likely to compete, either directly or indirectly, with the businesses of the Group.

Given the delineation in target customer, image, pricing segment and running model of the co-working space business of Stan Group and the Group's Elite Business Centre, and in particular, Group's Elite Business Centre is located in a grade-A office building targeting multinational corporations and government authorities while the co-working space business of Stan Group is located in a revitalised industrial building targeting entrepreneurs and business start-ups, the Board considers that the potential competition is minimum and the interest of the Group is adequately protected. The co-working space business of Stan Group and the Group's Elite Business Centre is operated and managed by two distinct management teams except for Mr. Tang who as aforementioned is an executive Director and a director of Stan Group.

In order to further safeguard the interests of the Group, all Directors other than Mr Tang and Mr. Tang Shing Bor, being Directors not interested in the potential competing business of Stan Group, will review on a regular basis the businesses and operations of the Group to ensure that its business are run on the basis that they are independent of, and at arm's length from, Stan Group.

BUSINESS ENVIRONMENT

2015 marked an important milestone in the history of the Company with the change of major shareholding in July last year. The rich business experience and management philosophy of the new stakeholder, directors and top management team have brought a lot of insights and directions to the Company, formulating strategies for the future growth of the Company.

In the local market, the situation and public sentiment for outbound telemarketing service in Hong Kong have taken a turn for the worse in the past year. With an increasing number of reported fraudulent telephone calls, recipients of telemarketing call have become ever more cautious towards the call and making it even harder for caller to start the conversation or selling. Despite the Company does not perform cold calling, but rather calling the end customers on behalf of our corporate clients for different types of services, the overall sentiment of the public has imposed more difficulties to telemarketing and affected the results of the service.

To address the issue of fraudulent telephone calls, Hong Kong Monetary Authority ("HKMA") has put in more measures to protect the bank customers' interests by announcing on 31 August 2015 that all banks have to post the hotline numbers and relevant information on the websites of the individual retail banks, and there is a dedicated page newly set up on the websites of the HKMA and Hong Kong Association of Banks ("HKAB") for easy access by the public. Callers from retail banks will, in addition to giving out their full names, provide their phone extension number, direct telephone number, or staff ID number as "identifying numbers" when contacting the public who may verify callers' identity through the customer hotlines of the respective banks before one proceeds with any transactions. The public has responded well to the new disclosing measure, and with customers' confidence regained, the Company experienced minor impact on our telemarketing services.

Another challenge comes from call blocking apps which have continued to throw obstacles in the way of outbound telemarketing service. The number of customers reached through mobile phones has kept decreasing as a result of the call blocking function which, in turn, also affected the success of the service. The management of the Company continued to provide comprehensive training to improve the marketing skills of the contact centre agents and enhance their awareness on the compliance requirements from the authorities.

The uncertainties of business risk will likely continue in the coming year. The management of the Company made a response rapidly on these headwinds. To better evaluate and more effectively manage the business risks of the Company, the Board reformed the internal control committee to risk management and internal control committee ("RMICC") which comprises three independent executive directors and two executive directors in November 2015. The major objective of RMICC is to review, assess, identify and report any business risks, conflict of interest and/or competition to the Board, and at the same time propose appropriate resolution, if any.

On the other hand, the supply in the local general labour market was considerably improved in the second half of 2015 together with a continuous momentum, and it is expected that a certain extent of pressure on staff recruiting and retention can be relieved in the near future, which may favourably result in better control of labour cost and delivery of higher quality services. Having said that, labour cost continued to climb up especially in those highly sought after areas such as IT and software development, and the trend is expected to continue in 2016, driving up the system maintenance as well as research and development expenses.

Although 2015 has been a challenging year with the overall political and economic situation in Hong Kong, new regulations for telemarketing calls, the lowest annual growth rate of 6.9% in China in 25 years and the modest growth in Eurozone provided little comfort in global market turmoil, the Company has seen a slight revenue growth in its business with the drive coming from telemarketing and staff insourcing service demands.

FINANCIAL REVIEW

Subsequent to the disposal of Elite Depot Holdings Limited and its subsidiaries ("**PRC Business Units**") on 22 December 2014 (the "**Disposal**"), both the revenue and the operating costs decreased as compare with the corresponding period in 2014. The financial performance of this year reflects the impact of the withdrawal from the market in the People's Republic of China (the "PRC") as a result of the Disposal. Besides, the financial performance of the Company was affected by the challenging business environment as stated under the section headed "Business Environment" in this announcement.

REVENUE

The Group recorded a decrease in total revenue to approximately HK$143.6 million for the year ended 31 December 2015 from approximately HK$176.0 million for the year ended 31 December 2014, representing a decrease of approximately HK$32.4 million as compared to that of last year.

The total outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management service and others accounted for approximately 9.4%, 45.2%, 22.4%, 16.8% and 6.2% of the Group's total revenue for the year ended 31 December 2015 respectively.

The following table sets forth the analysis of revenue by business units of our Group for the years ended 31 December 2015 and 2014 respectively:

	Year ended 31 December 2015		Year ended 31 December 2014	
	HK$'000		*HK$'000*	
Outsourcing inbound contact service	**13,440**	**9.4%**	31,866	18.1%
Outsourcing outbound contact service	**64,969**	**45.2%**	73,353	41.7%
Staff insourcing service	**32,279**	**22.4%**	33,078	18.8%
Contact service centre facilities management service	**24,054**	**16.8%**	29,747	16.9%
Others*	**8,870**	**6.2%**	8,000	4.5%
Revenue	**143,612**	**100%**	176,044	100%

* The "Others" segment which principally comprises licencing and system maintenance income amounted to approximately HK$1.3 million (2014: HK$1.6 million) and sale of system and software income amounted to approximately HK$7.5 million (2014: HK$6.4 million).

Composition of revenue by country

The following table sets forth the analysis of the segment by country of the Group for the years ended 31 December 2015 and 2014 respectively:

	Year ended 31 December 2015		Year ended 31 December 2014	
	HK$'000	***% to Group's turnover***	*HK$'000*	*% to Group's turnover*
HK	**143,612**	**100**	136,455	77.5%
PRC	**–**	**–**	39,589	22.5%
Total	**143,612**	**100**	176,044	100%

The Group did not record any revenue generated from PRC due to the disposal. The Group recorded a total revenue amounted to approximately HK$143.6 million and approximately HK$176.0 million for the years ended 31 December 2015 and 2014 respectively.

Outsourcing Inbound Contact Service

For the year ended 31 December 2015, the outsourcing inbound contact service segment recorded a revenue of approximately HK$13.4 million, representing a decrease of approximately 57.8% as compared to that of last year. The decrease of revenue was mainly due to the disposal of PRC Business Units. The Group recorded similar revenue for Hong Kong market for the year ended 31 December 2015 as compared to the last year for outsourcing inbound contact service.

Outsourcing Outbound Contact Service

For the year ended 31 December 2015, the outsourcing outbound contact service segment recorded a revenue of approximately HK$65.0 million, representing a decrease of approximately 11.4% as compared to that of last year. The decrease of revenue was mainly due to the disposal of PRC Business Units.

The Group recorded a slightly increase in revenue for Hong Kong market for the year ended 31 December 2015 of approximately HK$ 8.0 million as compared to the last year for outsourcing outbound contact service. The stable increasing trend of the revenue of outsourcing outbound contact service represents the effectiveness of the strategies adopted by the Group to cope with the challenge comes up from the blocking apps and fraudulent telephone calls as addressed under the section headed "Business Environment" in this announcement.

Staff Insourcing Service

For the year ended 31 December 2015, the staff insourcing service segment recorded a revenue of approximately HK$32.3 million, representing a slightly decrease of approximately 2.4% as compared to that of last year. The decrease of revenue was mainly due to the disposal of PRC Business Units.

The Group recorded a slightly increase in revenue for Hong Kong market for the year ended 31 December 2015 of approximately HK$ 3.2 million as compared to the last year for staff insoucing service. The stable increasing trend of the revenue of staff insoucing service represents a stable demand of staff insoucing service in Hong Kong.

Contact Service Centre Facilities Management Service

For the year ended 31 December 2015, the contact service centre facilities management service segment recorded revenue of approximately HK$24.1 million, representing a decrease of approximately 19.1% as compared to that of last year.

Others

For the year ended 31 December 2015, the Group recorded a revenue in sale of system and software of approximately HK$7.5 million (2014: approximately HK$6.4 million) and licence fee income of approximately HK$1.3 million respectively (2014: approximately HK$1.6 million) which showed a positive and increasing trend.

SEGMENT RESULT AND GROSS PROFIT MARGIN

The following table sets forth the analysis of segment result and gross profit margin by business units of our Group for the years ended 31 December 2015 and 2014 respectively:

	Year ended 31 December 2015		Year ended 31 December 2014	
	HK$'000		*HK$'000*	
Outsourcing inbound contact service	**2,340**	**17.4%**	4,299	13.5%
Outsourcing outbound contact service	**5,957**	**9.2%**	9,012	12.3%
Staff insourcing service	**3,786**	**11.7%**	6,221	18.8%
Contact service centre facilities management service	**7,354**	**30.6%**	8,755	29.4%
Others*	**5,097**	**57.5%**	5,300	66.2%
Revenue	**24,534**	**17.1%**	33,587	19.1%

The gross profit percentage of our Group decreased from approximately 19.1% for the year ended 31 December 2014 to approximately 17.1% for the year ended 31 December 2015. The overall decrease in segment result and the gross profit margin reflect the impact on the market of contact centre service due to the blocking apps and fraudulent telephone calls in Hong Kong market.

Outsourcing Inbound Contact Service

The gross profit margin in outsourcing inbound contact service increased from approximately 13.5% for the year ended 31 December 2014 to approximately 17.4% for the year ended 31 December 2015. The increase in the segment result is mainly attributable to the disposal of PRC Business Units with lower margin of outsourcing inbound contact service.

Outsourcing Outbound Contact Service

The gross profit margin in outsourcing outbound contact service decreased from approximately 12.3% for the year ended 31 December 2014 to approximately 9.2% for the year ended 31 December 2015. The drop was mainly attributable to the increasing resources spent in coping with the challenge created by the blocking apps, fraudulent telephone calls and the increase of the employee salary and benefits of the contact centre agencies.

Staff Insourcing Service

The gross profit margin in staff insourcing service decreased from approximately 18.8% for the year ended 31 December 2014 to approximately 11.7% for the year ended 31 December 2015. The decrease in the gross profit margin reflects the impact of the challenge of business environment which was mentioned in the section headed “Business Environment” in this announcement, on the Group.

Contact Service Centre Facilities Management Service

The gross profit margin in contact service centre facilities management service slightly increased from approximately 29.4% for the year ended 31 December 2014 to approximately 30.6% for the year ended 31 December 2015. The increase in gross profit margin in this segment represents the effectiveness of our pricing strategy in coping with the challenge of increasing rent and employee benefits.

Others

The “Others” segment principally comprises sale of system and software, licence service fee income and maintenance fee of WISE-xb Contact Centre System. The decrease in segment result mainly attributable to lower margin products sold to the customers as compared to that of last year.

EXPENSES

During the year under review, the employee benefit expenses decreased from approximately HK$101.2 million for the year ended 31 December 2014 to approximately HK$81.0 million for the year ended 31 December 2015. The decrease of employee benefit expenses was mainly due to the disposal of the PRC Business Units.

The Group recorded other operating expenses amounted to approximately HK$41.1 million (2014: approximately HK$49.7 million). The other operating expenses to sales ratio increased from approximately 28.2% for the year ended 31 December 2014 to approximately 28.6% for the year ended 31 December 2015. The effect of the decrease in the other operating expenses due to the disposal of PRC Business Units was set off against, including but not limited to the increase in the fair value loss on the financial assets designated as at fair value through profit or loss amounted to approximately HK$0.5 million; the exclusion on the gain on disposal of subsidiary resulting from the Disposal amounted to approximately HK$0.8 million; the increase in legal and professional fee amounted to approximately HK$0.4 million and the increase in the exchange loss as compared to that of the last year respectively.

The Group's depreciation and amortization expenses decreased from approximately HK$9.6 million for the year ended 31 December 2014 to approximately HK$8.3 million for the year ended 31 December 2015 which was mainly due to the exclusion of depreciation and amortization expenses of the PRC Business Units.

The Group's finance costs decreased to approximately HK$0.6 million for the year ended 31 December 2015 from approximately HK$0.7 million for the year ended 31 December 2014.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's profit attributable to owners of the Company decreased from approximately HK$14.3 million for the year ended 31 December 2014 to approximately HK$9.2 million for the year ended 31 December 2015. The decrease in profit attributable to owners of the Company was mainly due to the increase of employee benefits expenses, the increase of other operating expenses in Hong Kong market, the increase of the fair value loss of financial assets and the increase of exchange loss.

AWARDS AND CERTIFICATION

In 2015, the Group has again successfully renewed and attained the ISO 9001:2008 Quality Management System Certificate and ISO 27001 Information Security Management System (ISMS) Certificate, which were both audited and certified by the Hong Kong Quality Assurance Agency (HKQAA).

In addition to obtaining the "Caring Company" certification for the second year in 2015, the Group was proud to be one of the 19 companies out of over 3,000 caring companies in Hong Kong to be nominated for the "Outstanding Partnership Project Award".

In the field of education, the Group has continued to support the "Epro Telecom Scholarship" as a means to recognize and reward students who have achieved outstanding academic results.

As a continual commitment to good corporate citizenship, the Group again joined hands with the Mental Health Association of Hong Kong Cornwall School in organizing the "Parent-Child Fun Day" at the Dream Come True Education Park at the Hong Kong International Airport in July 2015. The objective of the event was to share our caring with and bring fun to the group of unfortunate children with our colleagues as well as their families. The Group also co-hosted a fund raising hiking event to raise fund for the first aid services and other non-government funded services for the Association in November 2015.

The Group also joined the "Skip Lunch Day" organised by the Community Chest of Hong Kong in March 2015 to encourage our staff to donate their lunch money to help to improve the living standard of street dwellers and cage home residents in Hong Kong.

Early this year, the Group together with over 70 staff and their family members joined the Community Chest's "Walk for Millions" for the 10km walk starting from the Hong Kong Stadium. The meaningful event did not only provide a chance for charity, but also let our staff to have an enjoyable day with their friends and families outdoor.

PROSPECT

Followed the appointment of the new board of directors in July 2015, the Company organised a series of training, workshop and meeting for the new and old management to gain more in-depth understanding of each other as well as the business and operating characteristics of the Company. During the period, new management philosophy and style had been introduced and embraced, while synergies and new business opportunities and potential were identified.

Through an earlier engagement of an IT Consultant to assess our technical calibre, the Company had identified a few potential strategies to be adopted as the ways forward. One of the new initiatives to be considered for adopting is to advance our proprietary contact centre system to the cloud platform through the Software as a Service (SaaS) model. The new platform will allow the Company to offer our WISE-xb Contact Centre System not only as a customized system solution, but also through a software distribution model on the Internet that can be marketed to anywhere in the world.

In addition, the Company is also interested in exploring new opportunities in other industries as a way to further broaden and diversify the current business of the Company. Financial service consultant is to be engaged to assess the potential and synergy of the financial and security industries with the objective to formulate another future business strategy of the Company.

Our gross profit margin pressure is expected to release in some extent since the management expected the inflation would becomes lower and thus the pressure of operating cost would become lower in the coming year. Ride on the improving trend of the local labour market together with the stable demand in staff insourcing and outsourcing outbound services, the management of the Company believed the business of contact centre services will continue to be stable in 2016. Moreover, we have proven that our management was capable to maintain our business growth in some of the segments by providing more tailored made services to our clients. Our flexibility and scalability is still keeping us in a competitive position in contact centre service market. The management of the Company believe that the adaptability of our loyal staff and the rich management experience of the newly appointed Directors will continue to support our position as a leading provider in the industry.

ENVIRONMENT PROTECTION

The Group has long developed the environmental protection policy to promote and practise environmental friendly measures within the Group. We have been proactively using eco-friendly products in the office including changing majority of our lighting to LED, recycling toner cartridges and paper, reusing waste paper, encouraging double side printing, automatic PC switch off at non-office hour, etc. The estimated greenhouse gas reduction from the paper recycling exercise was approximately 14,000 kg which roughly equals to planting over 350 tree seedlings.

DIVIDEND

During the year under review, the Group declared and paid dividends in aggregate amounts of approximately HK$1.26 million for the six months ended 30 June 2015 to the shareholders of the Company on 4 September 2015.

The Board has resolved to recommend the payment of a final dividend of HK0.96 cents per ordinary share for the year ended 31 December 2015 (2014: HK1.5 cents) on or about 19 May 2016 (Thursday) to the shareholders of the Company whose names recorded on the register of members of the Company as at 13 May 2016 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 May 2016 (Tuesday) to 13 May 2016 (Friday) (both days inclusive) during which period no transfers of Shares would be registered. In order to qualify for the final dividend, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 9 May 2016 (Monday).

LIQUIDITY AND FINANCIAL POSITION

The Group adheres to a prudent financial management policy and has a healthy financial position. During the year under the review, the Group financed our operations with internally generated cash flows and banking facilities provided by the banks.

As at 31 December 2015, the Group had net current asset of approximately HK$95.0 million (2014: approximately HK$87.1 million) including cash and bank balances of approximately HK$31.9 million (2014: approximately HK$17.1 million).

As at 31 December 2015, the Group's current ratio (current assets/current liabilities) and gearing ratio were 6.8 (2014: 6.4) and 1.4% (2014: 3.2%) respectively. The gearing ratio was defined as the borrowing divided by the total assets.

The Group had interest-bearing loan approximately HK$1.7 million (2014: HK$3.9 million). The debt-to-equity ratio (total loans/total equity) was 1.6% (2014: 3.8%).

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged its bank deposits of approximately HK$4.8 million (2014: approximately HK$4.8 million) and had pledged investment fund amounted to approximately HK$6.6 million to secure its banking facilities and trade receivable financing.

FOREIGN EXCHANGE EXPOSURE

Substantially all the revenue-generating operations of the Group were transacted in Hong Kong dollars during the year under review which is the functional currency of the Company and the presentation currency of the Group. The Group therefore does not have significant foreign exchange risk.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had no significant contingent liabilities as at 31 December 2015 (2014: Nil). As at 31 December 2015, there was no capital commitments outstanding but not provided for in the financial statements (2014: Nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no significant investments held as at 31 December 2015, nor were there material acquisitions and disposals of subsidiaries during the year. There was no plan for material investments or capital assets as at 31 December 2015.

NUMBER AND REMUNERATION OF EMPLOYEE

The Group employed an average of approximately 500 employees in 2015 (2014: approximately 1,022 employees). Remuneration was maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industry practice. The remuneration packages mainly comprise salary payments, group medical insurance plans, mandatory provident fund and discretionary bonuses awarded on a performance basis.

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

The Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the listed securities of the Company for the year ended 31 December 2015.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company comprising Mr. Ngan Chi Keung (Chairman), Mr. Wong Sik Kei and Mr. Yung Kai Tai, all being independent non-executive Directors, had reviewed the audited consolidated results of the Group for the year ended 31 December 2015.

CORPORATE GOVERNANCE

For the year ended 31 December 2015, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules except for the code provisions A.6.2 (a) of the CG Code, details of which are set out below.

According to code provision A.6.2 (a) of the CG Code, the functions of non-executive directors should include participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. During the period under review, Mr. Tang Shing Por, a non-executive Director appointed on 29 July 2015, was absent from two board meetings due to other important engagement in the relevant time and another board meeting as he has interest in the subject matters of such meeting.

The Company continues to enhance its corporate governance practices appropriate to the conduct and growth of its business, and to review and improve such practices from time to time to ensure that business activities and decision making processes are regulated in a proper and prudent manner in accordance with international best practices.

The Directors acknowledged their responsibility for preparing the annual financial statements for the year ended 31 December 2015 and each Director participated in the Company's operation pursuant to their established terms of reference and contributed to the success of the Company.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the Code of Conduct") as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct for securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards set out in the Code of Conduct.

APPRECIATION

The Board would like to take this opportunity to express their thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers, clients and bankers for their continuous support.

By Order of the Board
ETS Group Limited
Tang Yiu Sing
Executive Director and Chief Executive Officer

Hong Kong, 17 March 2016

As at the date of this announcement, the executive Directors are Mr. Tang Yiu Sing and Mr. Yeung Ka Wing; the non-executive Director is Mr. Tang Shing Bor and the independent non-executive Directors are Mr. Wong Sik Kei, Mr. Ngan Chi Keung and Mr. Yung Kai Tai.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.etsgroup.com.hk.