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ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of China Innovationpay Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with 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.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

Basis for qualified opinion

As set out in note 14 to the consolidated financial statements, goodwill with carrying amounts of HK\$694,919,000 and HK\$12,589,000 were allocated to the cash-generating units (“CGUs”) of Prepaid Card and Related Operations and Onecomm, respectively, and the carrying amounts of both CGUs were assessed for impairment by management. The recoverable amounts of the CGUs were determined based on value in use calculations. The Group prepared cash flow forecasts for a five year period based on the assumption that both CGUs would experience significant growth rates in revenues during the forecast period. Management considered that the forecast revenues would be achieved because, among other factors, (i) the Group obtained the approval to operate the card of 高匯通•微樂付卡 in the People's Republic of China countrywide on a pilot basis in December 2014 and (ii) the Group newly acquired a group of subsidiaries with expertise in prepaid card system, and finance and internet industries in September 2015.

However, the historical performance of 高匯通•微樂付卡 business has not met the Group's forecast revenues. In addition, we have not been provided with a comprehensive business plan to demonstrate how the Group will achieve the forecast revenues. Consequently, we were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the assumptions related to the growth in revenues during the forecast period. Any adjustments found to be necessary to the assumptions related to the growth in revenues during the forecast period would have a consequential effect on the recoverable amount of both CGUs. Any impairment losses arising as a result of the revised assumptions would have an effect on the Group's net assets as at 31 December 2015, the net loss for the year then ended and the disclosure related to impairment losses in the consolidated financial statements.

Qualified opinion

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

AUDITED CONSOLIDATED RESULTS

The board of directors (the “Board”) of the Company are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Note</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Turnover	4	103,861	81,222
Cost of sales		<u>(71,764)</u>	<u>(46,173)</u>
Gross profit		32,097	35,049
Other income	5	15,027	4,461
Selling expenses		(41,193)	(31,181)
Administrative expenses		(114,897)	(60,675)
Equity-settled share-based payments		<u>(57,548)</u>	<u>(4,463)</u>
Loss from operations		(166,514)	(56,809)
Finance costs	6	(15)	(9,714)
Gain on fair value change of contingent consideration payables		13,155	–
Impairment of goodwill	14	<u>(4,641)</u>	<u>(53,323)</u>
Loss before tax		(158,015)	(119,846)
Income tax expense	7	<u>(2,556)</u>	<u>(3,740)</u>
Loss for the year	8	<u>(160,571)</u>	<u>(123,586)</u>
Attributable to:			
Owners of the Company		(153,818)	(122,724)
Non-controlling interests		<u>(6,753)</u>	<u>(862)</u>
		<u>(160,571)</u>	<u>(123,586)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	9		
Basic		<u>(2.71)</u>	<u>(2.37)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year	(160,571)	(123,586)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(42,459)</u>	<u>(20,387)</u>
Other comprehensive income for the year, net of tax	<u>(42,459)</u>	<u>(20,387)</u>
Total comprehensive income for the year	<u>(203,030)</u>	<u>(143,973)</u>
Attributable to:		
Owners of the Company	(196,277)	(143,111)
Non-controlling interests	<u>(6,753)</u>	<u>(862)</u>
	<u>(203,030)</u>	<u>(143,973)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		15,308	8,122
Intangible assets		9,758	16,450
Long term deposits		24,531	28,281
Goodwill	14	707,508	686,451
Investment in an associate		–	–
Available-for-sale financial assets		110,002	62,525
Deferred tax assets		–	1,876
		<u>867,107</u>	<u>803,705</u>
Current assets			
Inventories		1,941	6,770
Trade receivables	11	43,182	59,593
Prepayments, deposits and other receivables		31,994	72,873
Amount due from a non-controlling shareholder of a subsidiary		215	–
Bank and cash balances		236,608	162,595
		<u>313,940</u>	<u>301,831</u>
Current liabilities			
Trade payables	12	3,744	11,956
Accruals and other payables		38,787	49,870
Borrowings		–	625
Amounts due to non-controlling shareholders of subsidiaries		776	666
Amounts due to directors		1,003	5
Current tax liabilities		2,639	2,904
Contingent consideration payables		19,667	10,110
Financial guarantee		41,365	–
		<u>107,981</u>	<u>76,136</u>
Net current assets		<u>205,959</u>	<u>225,695</u>
Total assets less current liabilities		<u>1,073,066</u>	<u>1,029,400</u>
Non-current liabilities			
Convertible bonds		–	–
Deferred tax liabilities		749	1,076
		<u>749</u>	<u>1,076</u>
NET ASSETS		<u>1,072,317</u>	<u>1,028,324</u>
Capital and reserves			
Share capital	13	60,158	56,055
Reserves		984,462	965,767
Equity attributable to owners of the Company		1,044,620	1,021,822
Non-controlling interests		27,697	6,502
TOTAL EQUITY		<u>1,072,317</u>	<u>1,028,324</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Attributable to owners of the Company

	Attributable to owners of the Company										Total equity	
	Share capital	Share premium account	Capital reserve	Statutory reserve	Exchange reserve	Share option reserve	Convertible bonds equity reserve	Warrant reserve	Retained profits/(loss)	Total		Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	47,071	640,060	(2,850)	8,677	90,162	15,095	11,711	523	12,829	823,278	707	823,985
Total comprehensive income for the year	-	-	-	-	(20,387)	-	-	-	(122,724)	(143,111)	(862)	(143,973)
Transfer to statutory reserve	-	-	-	1,200	-	-	-	-	(1,200)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	6,657	6,657
Issued from placing	2,000	125,040	-	-	-	-	-	-	-	127,040	-	127,040
Conversion of convertible bonds	3,750	104,271	-	-	-	-	(11,711)	-	-	96,310	-	96,310
Exercise of warrants	2,200	86,184	-	-	-	-	-	(384)	-	88,000	-	88,000
Exercise of share options	1,034	35,767	-	-	-	(10,959)	-	-	-	25,842	-	25,842
Share-based payments	-	-	-	-	-	4,463	-	-	-	4,463	-	4,463
Release upon lapse of share options	-	-	-	-	-	(197)	-	-	197	-	-	-
Changes in equity for the year	8,984	351,262	-	1,200	(20,387)	(6,693)	(11,711)	(384)	(123,727)	198,544	5,795	204,339
At 31 December 2014	56,055	991,322	(2,850)	9,877	69,775	8,402	-	139	(110,898)	1,021,822	6,502	1,028,324
At 1 January 2015	56,055	991,322	(2,850)	9,877	69,775	8,402	-	139	(110,898)	1,021,822	6,502	1,028,324
Total comprehensive income for the year	-	-	-	-	(42,459)	-	-	-	(153,818)	(196,277)	(6,753)	(203,030)
Transfer to statutory reserve	-	-	-	21	-	-	-	-	(21)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	27,732	27,732
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(228)	(228)	216	(12)
Issued from placing	3,000	118,191	-	-	-	-	-	-	-	121,191	-	121,191
Issued from warrants	-	-	-	-	-	-	-	1,000	-	1,000	-	1,000
Exercise of warrants	800	31,339	-	-	-	-	-	(139)	-	32,000	-	32,000
Exercise of share options	303	10,623	-	-	-	(3,362)	-	-	-	7,564	-	7,564
Share-based payments	-	-	-	-	-	57,548	-	-	-	57,548	-	57,548
Release upon lapse of share options	-	-	-	-	-	(982)	-	-	982	-	-	-
Changes in equity for the year	4,103	160,153	-	21	(42,459)	53,204	-	861	(153,085)	22,798	21,195	43,993
At 31 December 2015	60,158	1,151,475	(2,850)	9,898	27,316	61,606	-	1,000	(263,983)	1,044,620	27,697	1,072,317

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Unit 2708, 27/F, The Center, 99 Queen's Road Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in provision of prepaid card payment services and information system maintenance and development services, provision of prepaid card and related customer services, trading of POS devices, watches, computer, communication equipments, internet based travel service and related services in the PRC.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015:

Amendment to HKFRS 8 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly. These clarifications had no effect on the Group's consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of new and revised HKFRSs in issue but not yet effective that are relevant to the Group's operation

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Amendments to the Rules Governing the Listing of Securities on the GEM on the Stock Exchange

The Stock Exchange in April 2015 released revised Appendix 18 of the Rules Governing the Listing of Securities on the GEM in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

3. SEGMENT INFORMATION

The Group has four (2014: four) operating segments as follows:

General trading operations	–	trading of watches, computers, communication equipments, currency sorters and other goods
Prepaid card and related operations	–	provision of third party payment services and consultancy services; and marketing and sale of consumer goods in form of prepaid gift cards in the People's Republic of China (“the PRC”)
Travellers related services	–	provision of air-ticketing services and related customer services
Onecomm	–	provision of third party payment system solution and sales of integrated smart point of sales (“POS”) devices

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other reportable segment includes certain inactive operations. None of the segments meets any of the quantitative thresholds for determining reportable segment. The information of the other operating segments is included in the 'others' column.

Segment profits or losses do not include equity-settled share-based payment, impairment of goodwill and imputed interest on convertible bonds. Segment assets do not include interest in an associate, deferred tax asset, goodwill and available-for-sale financial assets and other corporate assets. Segment non-current assets do not include financial instruments, deferred tax assets and goodwill.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about operating segment profit or loss, assets and liabilities:

	General trading operations HK\$'000	Prepaid card and related operations HK\$'000	Travellers related services HK\$'000	Onecomm HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 December 2015						
Revenue from external customers	77,127	14,277	6,793	5,646	18	103,861
Segment loss	(28,547)	(37,958)	(21,588)	(10,770)	(767)	(99,630)
Interest income	6,427	703	6	21	6	7,163
Depreciation and amortisation	(434)	(2,506)	(2,538)	(1,818)	(6)	(7,302)
Income tax (expense)/credit	-	(2,843)	-	287	-	(2,556)
Other material items of non-cash items:						
– Intangible assets written off	(308)	-	-	-	-	(308)
– Impairment of trade receivables	(2,192)	(683)	(647)	-	-	(3,522)
– Reversal of impairment of trade receivables	226	-	-	-	-	226
– Impairment of prepayment and other receivables	(24,752)	(315)	-	-	-	(25,067)
– Impairment of inventories	-	-	-	(1,494)	-	(1,494)
– Impairment of intangible assets	-	-	(1,635)	-	-	(1,635)
Additions to segment non-current assets	54	10,189	110	557	84	10,994
As at 31 December 2015						
Segment assets	<u>72,968</u>	<u>173,821</u>	<u>9,043</u>	<u>11,641</u>	<u>3,080</u>	<u>270,553</u>

	General trading operations <i>HK\$'000</i>	Prepaid card and related operations <i>HK\$'000</i>	Travellers related services <i>HK\$'000</i>	Onecomm <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2014						
Revenue from external customers	51,160	22,911	7,151	–	–	81,222
Segment loss	(3,235)	(16,346)	(14,690)	–	(710)	(34,981)
Interest income	2,332	1,054	7	–	30	3,423
Depreciation and amortisation	(855)	(1,513)	(2,380)	–	–	(4,748)
Income tax expense	(730)	(3,010)	–	–	–	(3,740)
Other material items of non-cash items:						
– Intangible assets written off	(928)	(167)	–	–	–	(1,095)
Additions to segment non-current assets	192	5,277	1,106	8,534	–	15,109
As at 31 December 2014						
Segment assets	<u>137,252</u>	<u>115,589</u>	<u>14,734</u>	<u>20,493</u>	<u>128</u>	<u>288,196</u>

Reconciliations of segment revenue and profit or loss:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	103,861	81,222
Loss		
Total profit or loss of reportable segments	(99,630)	(34,981)
Elimination of intersegment profits	(32)	–
Gain on fair value change of contingent consideration payables	13,155	–
Equity-settled share-based payment	(57,548)	(4,463)
Unallocated amounts:		
Corporate income and expenses, net	(16,081)	(17,365)
Amortisation of financial guarantee contract	6,762	–
Impairment of goodwill	(4,641)	(53,323)
Imputed interest on convertible bonds	–	(9,714)
Consolidated loss before income tax	(158,015)	(119,846)
Assets		
Total assets of reportable segments	270,553	288,196
Unallocated amounts:		
Available-for-sale financial assets	110,002	62,525
Deferred tax assets	–	1,876
Goodwill	707,508	686,451
Other corporate assets	92,984	66,488
Consolidated total assets	1,181,047	1,105,536

Geographical information:

No separate analysis of segment information by geographical information is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is the PRC.

Revenue from major customers:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
General trading segment		
Largest customer	44,701	12,026
Second largest customer	14,616	9,656

4. TURNOVER

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sale of goods	85,112	66,342
Rendering of services	18,749	14,880
	<u>103,861</u>	<u>81,222</u>

5. OTHER INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Amortisation of financial guarantee contract	6,762	–
Exchange gain, net	599	–
Interest income	7,163	3,423
Gain on deregistration of a branch	–	812
Gain on disposal of property, plant and equipment	–	201
Government grant	259	–
Reversal of impairment of trade receivables	226	–
Others	18	25
	<u>15,027</u>	<u>4,461</u>

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Imputed interest on convertible bonds	–	9,714
Interest on bank borrowings	15	–
	<u>15</u>	<u>9,714</u>

7. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – the PRC		
Provision for the year	702	3,350
Under-provision in prior years	<u>293</u>	<u>390</u>
	995	3,740
Deferred tax	<u>1,561</u>	<u>–</u>
	<u><u>2,556</u></u>	<u><u>3,740</u></u>

PRC Enterprise Income Tax has been provided at a rate of 25% (2014: 25%). However, one of the Group's subsidiaries has been recognised as a "New and High Technology Enterprise" in the PRC and was therefore subject to a preferential tax rate of 15% (2014: 15%) for the year ended 31 December 2015.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before tax	<u>(158,015)</u>	<u>(119,846)</u>
Tax at the PRC Enterprise Income Tax rate of 25% (2014: 25%)	(39,504)	(29,962)
Tax effect of expenses that are not deductible	22,331	20,057
Tax effect of income that are not taxable	(3,313)	–
Tax effect of temporary differences not recognised	(357)	607
Tax effect of unused tax losses not recognised	22,800	13,018
Tax effect of utilisation of tax losses not previously recognised	(208)	–
Under-provision in prior years	293	390
Effect of different tax rates of subsidiaries	<u>514</u>	<u>(370)</u>
Income tax expense	<u><u>2,556</u></u>	<u><u>3,740</u></u>

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Auditor's remuneration	1,400	1,155
Amortisation of intangible assets	4,195	2,464
Cost of inventories sold	71,432	44,806
Impairment of inventories	1,494	–
Depreciation of property, plant and equipment	3,181	2,359
Gain on deregistration of a branch	–	(812)
Gain on fair value change of contingent consideration payables	(13,155)	–
Loss/(gain) on disposals of property, plant and equipment	15	(201)
Operating leases charges	10,605	8,678
Exchange (gain)/loss	(599)	1,392
Impairment of prepayment and other receivables	25,067	75
Allowance of trade receivables	3,522	–
Reversal of allowance for receivables	(226)	–
Intangible assets written off	308	1,095
Impairment of intangible assets	1,635	–
Impairment of goodwill	4,641	53,323
	<u>4,641</u>	<u>53,323</u>

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$153,818,000 (2014: HK\$122,724,000) and the weighted average number of ordinary shares of 5,684,829,000 (2014: 5,172,440,000) in issue during the year.

(b) Diluted loss per share

As exercise of the Group's outstanding share options, warrants and contingent consideration payables for the years ended 31 December 2014 and 2015 would be anti-dilutive, no diluted loss per share was presented for the years ended 31 December 2014 and 2015.

10. DIVIDEND

The directors do not recommend the payment of any dividend (2014: nil) in respect of the year.

11. TRADE RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	47,398	60,663
Allowance for doubtful debts	<u>(4,216)</u>	<u>(1,070)</u>
	<u>43,182</u>	<u>59,593</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 90 days	31,889	24,668
91 to 180 days	2,807	4,224
181 to 365 days	<u>8,486</u>	<u>30,701</u>
	<u>43,182</u>	<u>59,593</u>

As at 31 December 2015, an allowance was made for estimated irrecoverable trade receivables for approximately HK\$4,216,000 (2014: HK\$1,070,000).

Reconciliation of allowance for trade receivables:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	1,070	1,094
Allowance for the year	3,522	–
Reversal of allowance for the year	(226)	–
Exchange difference	<u>(150)</u>	<u>(24)</u>
At 31 December	<u>4,216</u>	<u>1,070</u>

As of 31 December 2015, trade receivables of HK\$11,421,000 (2014: HK\$34,926,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Up to 3 months	2,931	5,186
3 to 6 months	771	7,334
Over 6 months	7,719	22,406
	11,421	34,926

The carrying amounts of the Group's trade receivables are denominated in RMB as at 31 December 2014 and 2015.

12. TRADE PAYABLES

The ageing analysis of the Group's trade payables, based on the date of receipt of goods, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 90 days	2,699	10,919
91 to 180 days	60	38
181 to 365 days	37	785
Over 365 days	948	214
	3,744	11,956

The carrying amounts of the Group's trade payables are denominated in RMB as at 31 December 2014 and 2015.

13. SHARE CAPITAL

	<i>Note</i>	2015		2014	
		Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:					
Ordinary shares of HK\$0.01 each		<u>20,000,000</u>	<u>200,000</u>	<u>20,000,000</u>	<u>200,000</u>
Ordinary, issued and fully paid:					
At 1 January		5,605,506	56,055	4,707,139	47,071
Share issued under placing	(a)	300,000	3,000	200,000	2,000
Share issued under share option scheme		30,260	303	103,367	1,034
Share issued under convertible bonds		–	–	375,000	3,750
Share issued under exercise of warrants		<u>80,000</u>	<u>800</u>	<u>220,000</u>	<u>2,200</u>
At 31 December		<u>6,015,766</u>	<u>60,158</u>	<u>5,605,506</u>	<u>56,055</u>

Note:

- (a) On 12 February 2014, the Company entered into a placing agreement with CCB International Capital Limited (the “Placing Agent”) pursuant to which the Company has conditionally agreed to place, through the Placing Agent, up to 200,000,000 placing shares at a price of HK\$0.64 per placing share. The placing was completed on 20 February 2014 and the net proceeds from placing were approximately HK\$127,040,000.

On 20 November 2015, the Company entered into a placing agreement with Oriental Patron Asia Limited (the “Placing Agent”) pursuant to which the Company has conditionally agreed to place, through the Placing Agent, up to 300,000,000 placing shares at a price of HK\$0.406 per placing share. The placing was completed on 9 December 2015 and the net proceeds from placing were approximately HK\$121,191,000.

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained profits and other reserves).

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Debts (a)	82,566	59,852
<i>Less: cash and cash equivalents</i>	<u>(236,608)</u>	<u>(162,595)</u>
Net assets	(154,042)	(102,743)
Equity (b)	1,044,620	1,021,822
Net debts to equity ratio	<u>N/A</u>	<u>N/A</u>

(a) Debt is defined as trade payables, accruals, other payables, borrowings and financial guarantee.

(b) Equity included all capital and reserves before non-controlling interests of the Group.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

14. GOODWILL

	General trading operations (“CGU 1”) <i>HK\$'000</i>	Prepaid card and related operations (“CGU 2”) <i>HK\$'000</i>	Travellers related services (“CGU 3”) <i>HK\$'000</i>	Onecomm (“CGU 4”) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 January 2014	219,330	914,612	4,817	–	1,138,759
Acquisition of a subsidiary	–	–	–	13,186	13,186
Exchange differences	<u>(4,872)</u>	<u>(20,310)</u>	<u>(107)</u>	<u>–</u>	<u>(25,289)</u>
At 31 December 2014 and 1 January 2015	214,458	894,302	4,710	13,186	1,126,656
Acquisition of subsidiaries	–	56,597	–	–	56,597
Exchange differences	<u>(9,698)</u>	<u>(40,442)</u>	<u>(213)</u>	<u>(597)</u>	<u>(50,950)</u>
At 31 December 2015	<u>204,760</u>	<u>910,457</u>	<u>4,497</u>	<u>12,589</u>	<u>1,132,303</u>

	General trading operations ("CGU 1") <i>HK\$'000</i>	Prepaid card and related operations ("CGU 2") <i>HK\$'000</i>	Travellers related services ("CGU 3") <i>HK\$'000</i>	Onecomm ("CGU 4") <i>HK\$'000</i>	Total <i>HK\$'000</i>
Accumulated impairment losses					
At 1 January 2014	164,794	230,873	–	–	395,667
Impairment loss recognised in the current year	53,323	–	–	–	53,323
Exchange differences	(3,659)	(5,126)	–	–	(8,785)
	<u>214,458</u>	<u>225,747</u>	<u>–</u>	<u>–</u>	<u>440,205</u>
At 31 December 2014 and 1 January 2015	214,458	225,747	–	–	440,205
Impairment loss recognised in the current year	–	–	4,641	–	4,641
Exchange differences	(9,698)	(10,209)	(144)	–	(20,051)
	<u>204,760</u>	<u>215,538</u>	<u>4,497</u>	<u>–</u>	<u>424,795</u>
At 31 December 2015	204,760	215,538	4,497	–	424,795
Carrying amount					
At 31 December 2015	<u>–</u>	<u>694,919</u>	<u>–</u>	<u>12,589</u>	<u>707,508</u>
At 31 December 2014	<u>–</u>	<u>668,555</u>	<u>4,710</u>	<u>13,186</u>	<u>686,451</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination.

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method include those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2015, there was no other person (other than a director or chief executive officer of the Company) who had any interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long position in Shares

Name of Directors	Interest in shares	Interest in underlying shares	Total interest in shares	% Shareholding
Mr. Guan Guisen (<i>Note 1</i>)	1,311,792,000 (L)	–	1,311,792,000 (L)	21.81%
	1,140,000,000 (S)		1,140,000,000 (S)	18.95%
Mr. Cao Chunmeng	47,620,000	55,800,000 (<i>Note 2</i>)	103,420,000	1.72%
Mr. Yan Xiaotian	21,640,000	25,000,000 (<i>Note 2</i>)	46,640,000	0.78%
Dr. Fong Chi Wah	–	4,000,000 (<i>Note 2</i>)	4,000,000	0.07%
Mr. Wang Zhongmin	1,000,000	3,000,000 (<i>Note 2</i>)	4,000,000	0.07%
Mr. Gu Jiawang	1,000,000	3,000,000 (<i>Note 2</i>)	4,000,000	0.07%

Note 1: These shares are held by Mighty Advantage Enterprises Limited (“Mighty Advantage”). Mighty Advantage is incorporated in the British Virgin Islands and is beneficially owned by Mr. Guan Guisen.

Note 2: The Company granted the share options under Share Option Scheme on 6 July 2012 and 11 June 2015.

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE SHARES OR DEBT SECURITIES

As at 31 December, 2015, the Company was not a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and Supervisors or their spouses or children under the age of 18 had any right to subscribe the securities of the Company, or had exercised any such right.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2015.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income presented in the preliminary announcement and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group consists of the Company, Shenzhen Innovationpay Co., Ltd. and its subsidiaries, Country Praise Enterprises Limited ("CPE") and its subsidiaries (collectively the "CPE Group"). The Company is an investment holding company. Its subsidiaries are principally engaged in four segments. Namely (i) General trading: trading of watches, computers, communication equipments, currency sorters and other goods; (ii) Prepaid card business: provision of third party payment services and consultancy services; and marketing and sale of consumer goods in form of prepaid gift cards in the People's Republic of China ("the PRC"); (iii) Travellers related services: provision of air-ticketing services and related customers services; and (iv) Onecomm – provision of third party payment system solution and sales of integrated smart point of sales ("POS") devices.

Business Review

The third-party payment service business built on the prepaid card business is the core business of the Group. It is also a business segment that the Group has focused its investments. To meet the needs of its future business development, during the year, the Group increased the investments in the research and development of the payment system, and upgraded both its existing prepaid card issuing and handling system as well as the internet payment system.

During the year, the Group had established three business systems based on its core payment system, which includes the internet payment system, virtual prepaid card operating system and integrated invoicing service. We set up four service systems incorporating the virtual prepaid card operating platform service, internet payment service, merchant integrated invoicing service and cross-border Renminbi payment service.

The financial and investment focus of the Group is to concentrate on its payment business, and the general trading and traveller related services, being non-key businesses, have maintained their normal operation only without any key investment.

In 2015, the competition of China payment industry was particularly intense. With many different M&A and restructuring activities, for industries that possess advantages, they will become stronger and stronger and competition of industry market segments was more and more fierce. The Group's traditional prepaid cards business confronted a severe situation and it was due to this situation that drove the Group to innovate, expand and upgrade its original businesses. However, the new businesses are subject to market testing and recognition.

The four payment service relationships operated by the Group had already laid a good foundation and through the cooperation with key customers in the industry, it will quickly form an industrial demonstration norm to occupy the market and form a sizable business.

Virtual Prepaid Card Operating Platform

The virtual prepaid card operation is a product predominantly operated by Moderntimes Payment Limited (“Moderntimes Payment”), a subsidiary of the Group. Through the joint confirmed cooperation with the parties, this platform establishes an online and offline payment service platform by a virtual prepaid card product to support the needs under various payments and handling conditions, helping customers to develop and operate their own clients. From this, through the platform operation, the Group can expand its market size rapidly by accumulating online flow, operating accounts and exploring data usage. As at the end of the year, the number of clients on the platform was over 5,700,000.

Internet Payment Service

The internet payment service is a payment service newly launched by the Group during the year, which provides a speedy B2C and B2B mobile payment gateway service to its clients.

Cross-border Renminbi Payment Service

In September 2015, Beijing Gaohuitong Commercial Management Company Limited (“Beijing Gaohuitong”), a wholly-owned subsidiary of the Group, obtained the approval from PBOC Guangzhou Branch permitting the Company to commence the Renminbi settlement services for the cross-border goods and services trading business for enterprises and individuals.

Integrated Invoicing Service

The business is developed based on the original business of Onecomm, which provides merchants the POS invoicing and POS entrusted collection systems and front-end hardware equipment, and provides clients with POS-based offline comprehensive business handling services for their bank cards, prepaid cards and virtual cards. The product can provide merchants the all-round self-membership management, full-channel invoicing and self-marketing services.

Financial Review

During the year ended 31 December 2015, the Group’s turnover was approximately HK\$103,861,000 (2014: HK\$81,222,000), a 28% increase as compared to last year. The Group recorded a loss attributable to shareholders of the Company amounted to approximately HK\$153,818,000 (2014: loss HK\$122,724,000). The gross profit margin of the Group recorded 31% (2014: 43%). Of the said loss, HK\$4,641,000 (2014: HK\$53,323,000) was attributable to impairment of goodwill.

Impairment of goodwill

The performance and contribution of the Travellers related services segment (Cash Generating Unit 3, “CGU 3”) fell behind budget. As a result, the re-assessment of relevant goodwill is affected and the Board is of the view that an impairment of goodwill for CGU3 is necessary.

Sales and Marketing

For the twelve months ended 31 December 2015, the Group adopted more-client-oriented promotional strategies to promote the products, sales and marketing expenses recorded HK\$41,193,000 (2014: HK\$31,181,000), resulting a 32% increase over the same period last year.

Significant investment and acquisition

Acquisition of Moderntimes Payment

On 18 June 2015 (after trading hours), CPE and Moderntimes Payment (the “Target Company”) entered into the Subscription Agreement pursuant to which CPE has conditionally agreed to subscribe for the Subscription Shares at an aggregate consideration of HK\$49,510,000.

Upon the Subscription Completion, the Group will hold approximately 51% interest of the Target Group and thus the financial results of the Target Company will be consolidated into the financial statements of the Group.

On the same day, CPE, Essence Management Services Limited (“Essence Management”) and ModernTimes Information Co., Ltd. (the “Vendor”) entered into the Loan Assignment pursuant to which the Vendor has conditionally agreed to assign the Shareholder’s Loan of HK\$13,090,000 to CPE in consideration of the sum of HK\$13,090,000 payable by CPE to the Vendor on the Subscription Completion Date.

Also, the Company, the Vendor and Mr. JOONG Chi-Wei entered into the Incentive Agreement pursuant to which the Company shall reward the Vendor with an aggregate amount not exceeding RMB200,000,000 (equivalent to approximately HK\$250,000,000) based on the number of Cumulative Virtual Prepaid Card Sold and/or the amount of Cumulative Virtual Prepaid Card Reload for the six months ending 31 December 2015 and each of the two years ending 31 December 2017, by way of issue and allotment of Incentive Shares.

For details of the above transactions please refer to the Company’s announcement dated 18 June 2015.

Possible subscription of convertible preference shares (the “CPS”) and issue of shares under general mandate, strategic cooperation and technology service agreement with a listed company.

On 25 June 2015, the Company and National Agricultural Holdings Limited (“National Agricultural”) entered into the CPS Subscription Agreement and Share Subscription Agreement pursuant to which, subject to the fulfillment of certain conditions, the parties have agreed amongst other things as follows:

(i) the Proposed Subscription

The Company has conditionally agreed to subscribe for, and National Agricultural has conditionally agreed to allot and issue, a total of 49,140,000 National Agricultural Convertible Preferred Shares at the CPS Subscription Price of HK\$4.07 per National Agricultural Convertible Preferred Share. The aggregate CPS Subscription Price amounts to approximately HK\$200 million.

Assuming full conversion of the National Agricultural Convertible Preferred Shares and no adjustment to the conversion price, 49,140,000 National Agricultural Conversion Shares will be allotted and issued to the Company. The 49,140,000 National Agricultural Conversion Shares to be allotted and issued represent (i) approximately 2.34% of the number of National Agricultural Shares as at 25 June 2015; (ii) approximately 2.29% of the number of National Agricultural Shares as at enlarged by the allotment and issue of the National Agricultural Conversion Shares.

(ii) the Proposed Issue

The Company has conditionally agreed to issue 194,174,000 Subscription Shares at the Share Subscription Price of HK\$1.03 per Subscription Share, representing (i) approximately 3.42% of the entire issued share capital of the Company as at 25 June 2015; (ii) approximately 3.30% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares, to National Agricultural under the General Mandate. The aggregate Share Subscription Price amounts to approximately HK\$200 million.

- (iii) The CPS Subscription Price and Share Subscription Price shall be deemed to be paid in full by the issue and allotment of the Subscription Shares by the Company to National Agricultural pursuant to the Share Subscription Agreement and the issue and allotment of the National Agricultural Convertible Preferred Shares by National Agricultural to the Company pursuant to the CPS Subscription Agreement respectively.
- (iv) Completion of the CPS Subscription Agreement and the Share Subscription Agreement are interconditional and shall take place simultaneously.

On the same date, the Company and National Agricultural entered into the strategic Cooperation Framework Agreement pursuant to which the parties shall act as the strategic cooperation partner of each other.

Also, Beijing Gaohuitong and Beijing Guonong Taifeng Agricultural Consultancy Co., Ltd entered into the Technology Service Agreement in relation to the development of mobile application and internet payment system for National Agricultural.

Pursuant to the Strategic cooperation Framework Agreement, amongst other things, (i) the Company shall provide all-rounded software and hardware payment solutions plan to National Agricultural for its fund collection and clearance services; (ii) the Company shall cooperate with National Agricultural in relation to the development of mobile application for Agripay system and the development of Agripay system pre-paid card if required by National Agricultural in the future and consider to invite the Company as its partner; (iii) the Company and National Agricultural shall explore the opportunities for the development of financial products and services in the agriculture product chain; (iv) the Company and National Agricultural shall explore the development of personal credit information system for rural village; and (v) the Company and National Agricultural shall develop online financial platform to fulfill the financial need of the farmers (collectively, the “Proposed Cooperation”).

The Strategic Cooperation Framework Agreement does not constitute any legally binding commitment in respect of the Proposed Cooperation. The Proposed Cooperation is subject to the negotiation and execution of the formal agreement between the relevant parties, if any.

On 29 January 2016, the Company and National Agricultural mutually agreed to terminate the CPS Subscription Agreement and Share Subscription Agreement.

Whereas the strategic cooperation and technology service agreement will be continued.

For details of the above termination agreement please refer to the Company’s announcement dated 29 January 2016.

Major Events

Completion of Issue of Unlisted Warrants

On 6 February 2015, the Company and Greater China Select Fund (“Subscriber”) entered into a Subscription Agreement (“Agreement”). Pursuant to the Agreement, the Company agreed to issue 530,000,000 unlisted warrants at an issue price of HK\$0.002 per warrant. Each warrant entitled the Subscriber for one ordinary share of HK\$0.01 each at an initial subscription price of HK\$0.72 per share at any time within 5 years commencing from the date of issue of warrants.

On 5 March 2015, the Company and the Subscriber entered into a Supplemental Agreement (“Supplemental Agreement”), pursuant to which, completion of the Agreement shall be subject to and conditional upon passing the resolution(s) at a general meeting of the Company to approve the Agreement and the long stop date for fulfillment of the conditions precedent under the Agreement has been postponed to 31 May 2015.

Following obtaining the Shareholders' approval of the Warrant Subscription and issue of the Warrant Shares at the SGM held on 29 June 2015, all conditions precedent became unconditional and completion of the Warrant Subscription took place on 6 July 2015. Warrants of an aggregate amount of HK\$381.6 million have been issued to the Subscriber at the Issue Price of HK\$0.002 per Warrant.

The Warrants entitle the Subscriber to subscribe for the Warrant Shares at the initial Subscription Price of HK\$0.72 each for a period of five (5) years commencing from the date of issue of the Warrants.

Provision of Guarantee to a Subsidiary

On 4 August 2015, Beijing Tiantongsaibo Information Technology Co., Ltd. ("TTSB", a subsidiary of the Group) provided a guarantee in favor of Haier Finance Company Limited ("Haier Finance") for the financing facility granted to Haier Consumer Finance Co., Ltd. ("Haier Consumer Finance"). Pursuant to the Credit Facility Agreement, Haier Finance will grant a financing facility of RMB1.5 billion to Haier Consumer Finance, and Beijing TTSB will provide a joint and several guarantee amounted to RMB150 million (equivalent to approximately HK\$187.2 million) on a pro rata basis for the 10% shareholdings in Haier Consumer Finance held by it. The guarantee covers a period of two years from the expiry of the term of the Credit Facility Agreement (or the expiry of the extended term agreed by the parties).

For details of the above transaction please refer to the Company's announcement dated 10 August 2015.

Financial Resources and Liquidity

As at 31 December 2015, the Group has cash and cash equivalents of approximately HK\$236,608,000 (2014: HK\$162,595,000).

As at 31 December 2015, the Group has no bank borrowings (2014: HK\$625,000).

Capital Commitments and Pledge of Assets

As at 31 December 2015, the Group has no material capital commitments or substantial pledges on its assets.

Contingent Liabilities

As at 31 December 2015, the Group has no material contingent liabilities.

As at 31 December 2015, the total current assets over the total current liabilities was 2.91 times (2014: 3.96 times). The ratio of all debts to total assets was 0 (2014: 0). As most sales are made in Renminbi, no hedging arrangement is made to offset the exposures to fluctuations in exchange rates.

Foreign Exchange Exposure

Since the Group's operations are mainly located in the PRC and its transactions, monetary assets and liabilities are primarily denominated in Renminbi, there is minimal exposure to foreign currency risks. The Group monitors its foreign currency risks and will consider hedging significant currency exposures should the need arises.

Intellectual Property

As at 31 December 2015, the Group had 24 trademarks (2014: 28) registered in China and Hong Kong, of which all trademarks have been approved.

At the same time, the Group had 66 software copyrights (2014: 60) and 6 patents (2014: 5) in China.

Employees

As at 31 December 2015, the Group has approximately 354 employees (2014: 332). Employees are remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits include performance bonus and employee share options. The Directors believe that good quality of its employees is a company asset which affects growth and improves profitability. The Group recognizes the importance of staff training and thus regularly provides internal and external training for its staff to enhance their skills and knowledge.

Litigation

As at 31 December 2015, the Group has no material outstanding litigation.

Future Plans and Prospects

The Company completed the acquisition of CPE and its subsidiaries on 28 February 2011. Beijing Gaohuitong obtained the Certificates for Approval for Payment Business issued by the People's Bank of China on 28 June 2012 and was further approved to add new geographical areas for the business of online payment and the issuance and acceptance of prepaid cards in July 2013.

Also in November 2014, Beijing Gaohuitong obtained the approval from the payment and settlement division of the operation department of PBOC. Such in-principle approval permitted the operation of the virtual cards of “高匯通•微樂付卡” in China countrywide on a pilot basis.

With the permission obtained by the Group and the businesses that have developed through years, the Group has formed four service systems, namely the virtual prepaid card operating platform service system, internet payment system, merchant integrated invoicing service, and cross-border Renminbi payment service.

Under the macro environment that the online financial and payment industry is undergoing robust development, the Group strives to deliver more comprehensive payment services, self-marketing and self-customer management services to merchants based on the prepaid card business with unremitting innovations. Meanwhile, it will provide more convenient and favorable payment services to consumers.

The Group will expand the market by means of delivering integrated professional and personalized comprehensive payment solutions for different industrial customers. With the Group having the corresponding resolutions to tackle any issue that cover hardware to software, online to offline, standard businesses to personal businesses, we will promote our services to benchmark enterprises in different industries, such as mobile telephones, chain stores, e-commerce, insurance, logistics, car networking, tourism and agriculture, and further expand our business to customers of the whole industry by leveraging on the demonstration effect of these benchmark enterprises.

The payment business is the foundation of the Group's businesses, and our future development will be oriented towards the financial extended business. The number of accounts and volume of business is increasing continuously as a result of the accumulating payment business. The Group will gradually launch its account operating business for the purpose of delivering payment, financial and member management services to all account holders in general. The Group has also commenced setting its layout in this regard, such as investing in consumer finance company, and intending to set up massive data company.

With a business foothold in payment business and eyes on developing the financial business, the Group will develop its account clientele through payment business and operate the financial business through its clientele. We are committed to delivering more fruitful and convenient payment and financial services to customers. With the on-going development and consolidation of payment business, the Group will gradually put more efforts on the research and development and promotion of clientele operation and financial service products, provide more innovative financial payment products to all customers.

In 2016, the global macro-economic situation is not optimistic. A more challenging year is forthcoming for the China economy after the upheavals in 2015. It is foreseeable that the payment industry will face more severe challenges this year. The newly released payment services and products of the Group will also face harsh market evaluation and testing. However, at the same time, it should also imply that competition brings new market opportunities and survival of the fittest. The Group has confidence in leveraging on its product and service characteristics to achieve breakthroughs in the usual segmented payment markets. It will take the breakthroughs to expand and drive its business, then focus on its resources to form its core competitive edge.

Event After The Reporting Period

On 29 January 2016, the Company and National Agricultural mutually agreed to terminate the CPS Subscription Agreement and Share Subscription Agreement.

Whereas the strategic cooperation and technology service agreement will be continued.

For details of the above termination agreement, please refer to the Company's announcement dated 29 January 2016.

CORPORATE GOVERNANCE PRACTICES

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2015.

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code ("Code") in Appendix 15 to the GEM Listing Rules. The Company complied with the Code for the year ended 31 December 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Company's specific enquiry, each director had confirmed that during the year ended 31 December 2015, they had fully complied with the required standard of dealings and there was no event of non-compliance.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed to providing clear and full information about the Company's performance to shareholders through the publication of quarterly reports and annual reports. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the websites of the Stock Exchange and the Company, which is updated regularly. The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 business days' notice as stipulated in the Company bye-laws. The Chairman, Directors and external auditors are available to answer questions on the Company's businesses at the meeting. The Company values feedback from shareholders on its effort to promote transparencies and foster investor relationships.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the standards of good practice concerning the general management responsibilities of the Board of Directors as set out in Chapter 5 of the GEM Listing Rules throughout year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors who possess the appropriate business and financial experience and skills to understand financial statements. The current Committee is chaired by Dr. Fong Chi Wah, and the other Audit Committee members are Mr. Wang Zhongmin and Mr. Gu Jiawang. Under its terms of reference for audit committee passed under a directors' resolution dated 30 June 2005, is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's preliminary results, interim results and annual financial statements and to monitor compliance with statutory and listing requirements, to engage independent legal or other advisers as it determines is necessary and to perform any investigations. The Audit Committee members held four meetings in 2015.

AUDITORS

At the Company's last Annual General Meeting, RSM Nelson Wheeler was re-appointed as auditor of the Company. On 26 October 2015 our auditor changed the name under which it practices to RSM Hong Kong and accordingly has signed its report under its new name.

RSM Hong Kong retires, and, being eligible, offers themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong will be put at the forthcoming Annual General Meeting.

By Order of the Board
China Innovationpay Group Limited
Guan Guisen
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Guan Guisen, Mr. Cao Chunmeng and Mr. Yan Xiaotian; and three independent non-executive Directors, namely Dr. Fong Chi Wah, Mr. Wang Zhongmin and Mr. Gu Jiawang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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