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e-Kong Group Limited

(Incorporated in Bermuda with limited liability)

www.e-kong.com

(Stock Code: 524)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- The Group's turnover for 2015 decreased by 7.1% to HK$70.1 million and a profit attributable to equity holders of the Company of HK$3.9 million was recorded for the year as compared with a loss of HK$71.0 million in the previous year, mainly due to a one-off gain amounting to HK$44.8 million in regards to the disposal of the entire shareholdings of ZONE Global Limited.

- The Group completed the disposal of the entire shareholdings of ZONE Global Limited on 22 January 2015. A one-off gain amounting to HK$44.8 million was recorded by the Group in regards to the transaction. This is to compare with a loss of HK$48.2 million contributed by the Group's share of results of joint ventures for 2014.

- The Group is focusing on its Asian market and aligning its resources and efforts in the development of its existing businesses as well as pursuing other growth opportunities in the region, in particular Greater China.

RESULTS

The board (the "Board") of directors (the "Directors") of e-Kong Group Limited (the "Company") herein announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, together with comparative figures for 2014, as set out below.

Consolidated Statement of Profit or Loss

		Year ended 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**70,115**	75,471
Cost of sales		**(34,096)**	(35,948)
Gross profit		**36,019**	39,523
Other revenue and income	*3*	**1,271**	1,601
		37,290	41,124
Selling and distribution expenses		**(6,130)**	(6,232)
Business promotion and marketing expenses		**(3,248)**	(4,217)
Operating and administrative expenses		**(57,411)**	(49,438)
Other operating expenses		**(5,860)**	(5,490)
Loss from operations		**(35,359)**	(24,253)
Finance costs	*4*	**(135)**	(1,474)
Share of results of joint ventures		**–**	(48,231)
Net loss on disposal of financial assets at fair value through profit or loss		**(5,245)**	–
Net decrease in fair value of financial assets at fair value through profit or loss		**(6,859)**	–
Gain on disposal of subsidiaries classified as held for sale	*12*	**44,808**	–
Gain on disposal of property, plant and equipment		**3,967**	–
Loss on disposal of a subsidiary		**(67)**	–
Profit / (Loss) before taxation	*4*	**1,110**	(73,958)
Taxation credit / (charges)	*5*		
Current tax		**(5)**	298
Deferred tax		**98**	–
		93	298
Profit / (Loss) for the year		**1,203**	(73,660)

Consolidated Statement of Profit or Loss *(continued)*

		Year ended 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Profit / (Loss) for the year attributable to:			
Equity holders of the Company		**3,882**	(71,011)
Non-controlling interests		**(2,679)**	(2,649)
Profit / (Loss) for the year		**1,203**	(73,660)
		HK cents	*HK cents*
Earnings / (Loss) per share	*6*		
Basic and diluted		**0.6**	(13.6)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Profit / (Loss) for the year	**1,203**	(73,660)
Other comprehensive loss for the year		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign subsidiaries and joint ventures	**(915)**	(729)
Total comprehensive income / (loss) for the year	**288**	(74,389)
Total comprehensive income / (loss) for the year attributable to:		
Equity holders of the Company	**2,967**	(71,740)
Non-controlling interests	**(2,679)**	(2,649)
Total comprehensive income / (loss) for the year	**288**	(74,389)

Consolidated Statement of Financial Position

	Notes	As at 31 December 2015 HK$'000	As at 31 December 2014 HK$'000
Non-current assets			
Goodwill		**1,019**	–
Property, plant and equipment		**12,084**	6,466
Intangible assets	7	**8,329**	10,887
Deferred tax assets		**45**	45
		21,477	17,398
Current assets			
Financial assets at fair value through profit or loss	8	**51,054**	–
Trade and other receivables	9	**58,038**	14,401
Pledged bank deposits		**1,427**	1,504
Cash held by a security broker		**26,817**	–
Cash and bank balances		**94,116**	42,087
		231,452	57,992
Assets classified as held for sale	12	**–**	124,539
		231,452	182,531
Current liabilities			
Trade and other payables	10	**23,824**	43,436
Bank and other borrowings		**–**	9,635
		23,824	53,071
Liabilities associated with assets classified as held for sale	12	**–**	41,766
		23,824	94,837
Net current assets		**207,628**	87,694
Total assets less current liabilities		**229,105**	105,092

Consolidated Statement of Financial Position *(continued)*

	Notes	As at 31 December 2015 HK$'000	As at 31 December 2014 HK$'000
Non-current liabilities			
Deferred revenue		**787**	780
Deferred tax liabilities		**230**	351
		1,017	1,131
NET ASSETS		**228,088**	103,961
Capital and reserves			
Share capital	*11*	**7,294**	5,210
Reserves		**231,125**	106,403
Equity attributable to equity holders of the Company		**238,419**	111,613
Non-controlling interests		**(10,331)**	(7,652)
TOTAL EQUITY		**228,088**	103,961

Notes to the Consolidated Financial Statements:

1. Basis of preparation and accounting policies

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements. The adoption of the new and revised HKFRSs that are relevant to the Group and effective for the current year had no significant effects on the results and financial position of the Group for the current and prior years.

During the year, the Group has adopted the amendments to the Listing Rules issued by the Stock Exchange to the disclosure of financial information with reference to the financial reporting requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) and, as a result, there are changes to the presentation and disclosures of certain information as compared with the 2014 consolidated financial statements. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

The Group has not early adopted the new and revised standards or interpretations issued by the HKICPA that are not yet effective for the current year. The Group is in the process of assessing the possible impact of the adoption of these new and revised standards or interpretations in the future.

2. Revenue and segmental information

The Group's management, who are the chief operating decision makers, determine the operating segments for the purposes of resource allocation and performance assessment. The business segments of the Group comprise telecommunication services and other operations, representing the provision of insurance-related product distribution services and consultancy services.

Segment results represent the results before taxation earned by each segment without allocation of central operating and administrative expenses. All assets are allocated to reportable segments other than unallocated assets which are mainly financial assets at fair value through profit or loss, cash held by a security broker and cash and bank balances. All liabilities are allocated to reportable segments other than corporate liabilities.

2. Revenue and segmental information *(continued)*

Analyses of the Group's segmental information by business and geographical segments during the year are set out below.

(a) By business segments

	Year ended 31 December							
	2015				2014			
	Telecom-munication services	**Other operations**	**Eliminations**	**Consolidated**	Telecom-munication services	Other operations	Eliminations	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
External sales	**68,508**	**1,607**	**–**	**70,115**	74,018	1,453	–	75,471
Inter-segment sales	**409**	**–**	**(409)**	**–**	288	–	(288)	–
	68,917	**1,607**	**(409)**	**70,115**	74,306	1,453	(288)	75,471
Results								
Segment results	**44,031**	**(4,092)**	**–**	**39,939**	(243)	(5,577)	–	(5,820)
Finance costs	**(135)**	**–**	**–**	**(135)**	(1,474)	–	–	(1,474)
Share of results of joint ventures	**–**	**–**	**–**	**–**	(48,231)	–	–	(48,231)
	43,896	**(4,092)**	**–**	**39,804**	(49,948)	(5,577)	–	(55,525)
Other operating income and expenses				**(38,694)**				(18,433)
Profit / (Loss) before taxation				**1,110**				(73,958)

Inter-segment sales are charged at prevailing market prices.

2. Revenue and segmental information *(continued)*

(a) By business segments *(continued)*

	As at 31 December 2015			As at 31 December 2014		
	Tele-communication services	Other operations	Consolidated	Tele-communication services	Other operations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Reportable segments	**32,030**	**2,285**	**34,315**	164,607	5,878	170,485
Unallocated assets			**218,614**			29,444
			252,929			199,929
Liabilities						
Reportable segments	**(12,254)**	**(6,027)**	**(18,281)**	(66,768)	(2,597)	(69,365)
Unallocated liabilities			**(6,560)**			(26,603)
			(24,841)			(95,968)

(b) By geographically information

The Group generates its revenue from the Asia Pacific region. Its property, plant and equipment and intangible assets are located in the Asia Pacific region.

3. Other revenue and income

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Interest income on bank deposits	**31**	183
Other	**1,240**	1,418
	1,271	1,601

4. Profit / (Loss) before taxation

Profit / (Loss) before taxation is stated after charging the following:

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Finance costs:		
Interest on bank loans	**(31)**	(876)
Interest on other loan from a related company	**(104)**	(598)
	(135)	(1,474)
Amortisation of intangible assets	**(1,904)**	(2,066)
Depreciation of property, plant and equipment	**(2,784)**	(2,291)

5. Taxation credit / (charges)

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	–
Overseas income taxes	**(5)**	(77)
	(5)	(77)
Over-provisions on overseas income taxes in prior years	**–**	375
	(5)	298
Deferred tax		
Depreciation allowances	**98**	–
Taxation credit	**93**	298

Hong Kong Profits Tax has not been provided as the Group's assessable profits for the year were wholly absorbed by unrelieved tax losses brought forward from previous years.

Overseas taxation represents income tax provisions in respect of certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

6. **Earnings / (Loss) per share**

The calculation of the basic earnings per share for the year ended 31 December 2015 is based on the consolidated profit attributable to equity holders of the Company of HK$3,882,000 (2014: consolidated loss of HK$71,011,000) and the weighted average number of 607,500,274 (2014: 521,000,000) shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted earnings / (loss) per share is the same as the basic earnings / (loss) per share for the years presented.

7. **Intangible assets**

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Cost at the beginning of the year	**19,432**	20,218
Exchange adjustments	**(1,028)**	(786)
	18,404	19,432
Accumulated amortisation and impairment losses	**(10,075)**	(8,545)
	8,329	10,887

Intangible assets related to development costs and customer contracts in respect of domain name registration, web / data hosting and other services.

8. **Financial assets at fair value through profit or loss**

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Held for trading		
Equity investments listed in Hong Kong	**51,054**	–

The fair values of the listed investments are determined on the basis of quoted market price at the end of the reporting period.

9. Trade and other receivables

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**8,053**	8,242
Other receivables		
Deposits, prepayments and other debtors	**18,735**	6,159
Refundable deposits paid for acquisition of investments	**31,250**	–
	58,038	14,401

The Group's credit terms on sales mainly range from 30 to 90 days. Included in trade and other receivables are trade debtors (net of allowances for doubtful debts) with the following ageing analysis by invoice date:

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Less than 1 month	**4,661**	5,232
1 to 3 months	**2,462**	1,870
More than 3 months but less than 12 months	**930**	1,140
	8,053	8,242

10. Trade and other payables

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Trade payables	**2,855**	2,313
Other payables		
Deferred revenue	**3,384**	3,382
Accrued charges and other creditors	**17,585**	11,741
Deposit from disposal of assets classified as held for sale	**–**	26,000
	23,824	43,436

10. Trade and other payables *(continued)*

Included in trade and other payables are trade creditors with the following ageing analysis by invoice date:

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Less than 1 month	**2,681**	1,576
1 to 3 months	**56**	346
More than 3 months but less than 12 months	**118**	391
	2,855	2,313

11. Share capital

Authorised and issued share capital

	2015		2014	
	Number of shares	***Amount***	*Number of shares*	*Amount*
		HK$'000		*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
As at 1 January and **31 December**	**12,000,000,000**	**120,000**	12,000,000,000	120,000
Issued and fully paid:				
As at 1 January	**521,000,000**	**5,210**	521,000,000	5,210
Shares issued upon placing in May 2015*(a)*	**104,200,000**	**1,042**	–	–
Shares issued upon placing in October 2015*(b)*	**104,200,000**	**1,042**	–	–
As at 31 December	**729,400,000**	**7,294**	521,000,000	5,210

11. Share capital *(continued)*

Notes:

(a) On 27 May 2015, the Company allotted and issued an aggregate of 104,200,000 ordinary shares of HK$0.01 each for cash to six independent investors at a placing price of HK$0.69 per share under the general mandate granted by the shareholders at the annual general meeting of the Company held on 15 May 2014. The net proceeds of about HK$69,942,000 were used to finance the Group's possible mergers and acquisitions and investments. The closing market price of the Company's shares as at issue date was HK$0.95.

(b) On 9 October 2015, the Company allotted and issued an aggregate of 104,200,000 ordinary shares of HK$0.01 each for cash to six independent investors at a placing price of HK$0.52 per share under the general mandate granted by the shareholders at the annual general meeting of the Company held on 20 May 2015. The net proceeds of about HK$52,679,000 were used to finance the Group's possible mergers and acquisitions and investments. The closing market price of the Company's shares as at issue date was HK$0.67.

All shares issued during the year rank pari passu with the existing shares in all respects.

12. Disposal of subsidiaries classified as held for sale

On 4 November 2014, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement for the sale of 100% of its equity interest in ZONE Global Limited (together with its subsidiary the "Disposal Group") to Distacom International Limited, a company controlled by Mr. Richard John Siemens, a former Director who resigned on 10 February 2015, for a cash consideration of HK$130,000,000 (the "Disposal"). The Disposal was approved by the shareholders of the Company at a special general meeting held on 16 December 2014. Accordingly, the assets and liabilities of the Disposal Group as at 31 December 2014 were presented as assets and liabilities classified as held for sale in the consolidated statement of financial position as at 31 December 2014. A deposit of HK$26,000,000 was received.

The major classes of assets and liabilities of the Disposal Group classified as held for sale measured at the lower of carrying amounts and fair values less costs to sell as at 31 December 2014 are as follows:

	HK$'000
Interests in joint ventures	122,174
Trade and other receivables	1,768
Cash and bank balances	597
Assets classified as held for sale	124,539
Trade and other payables	3,016
Loan from a related company	38,750
Liabilities associated with assets classified as held for sale	41,766

12. Disposal of subsidiaries classified as held for sale *(continued)*

On 22 January 2015, the Disposal was completed and details of the Disposal are set out as follows:

	HK$'000
Net asset disposed of:	
Interests in joint ventures	122,174
Trade and other receivables	1,768
Cash and bank balances	595
Assets classified as held for sale	124,537
Trade and other payables	(3,073)
Loan from a related company	(38,750)
Liabilities associated with assets classified as held for sale	(41,823)
Net asset value of the Disposal Group as at 22 January 2015	82,714
Release of exchange loss in exchange reserve attributable to the Disposal Group	1,218
Expenses directly related to the Disposal	1,260
Gain on the Disposal	44,808
Consideration, satisfied by cash	130,000

Analysis of net inflow of cash and cash equivalents in respect of the Disposal is as follow:

	HK$'000
Cash consideration	130,000
Deposit received in previous year	(26,000)
Cash and cash equivalents disposed	(595)
Net inflow of cash and cash equivalents	103,405

13. Events after the reporting period

(a) On 20 July 2015, the Company entered into a term sheet to make investment in Enraytek Optoelectronics Co., Ltd. As at 31 December 2015, the Group paid RMB12,500,000 (equivalent to HK$15,625,000) as a refundable deposit.

As no further definitive agreement was entered into by 31 December 2015, the term sheet lapsed accordingly. The deposit was refunded to the Company on 3 February 2016.

13. Events after the reporting period *(continued)*

(b) On 11 November 2015, China Portal Limited ("China Portal"), a subsidiary of the Company, entered into two conditional sale and purchase agreements in regards to the investment of Konka Green Lighting Co., Ltd.. As at 31 December 2015, the Group paid RMB12,500,000 (equivalent to HK$15,625,000) as a refundable deposit.

As certain conditions in relation to the sale and purchase agreements had not been satisfied or waived by 31 January 2016, the two sale and purchase agreements lapsed on 31 January 2016. The deposits were refunded to China Portal on 5 February 2016.

(c) On 19 February 2016, the Group completed the First Tranche Investment with a subscription for new ordinary share capital of Thunder Power Hong Kong Limited ("TPHK") for USD1 million and is now interested in 0.20% of the enlarged issued shares of TPHK. Pursuant to the Term Sheet, the Company and / or its designee(s) will have an option to invest for USD50 million to USD55 million in the Second Tranche Investment and will also have an option to invest for USD45 million in the Third Tranche Investment. For details, please refer to the announcement dated 15 February 2016. The Company intends to settle the consideration for the remaining tranche investments in cash using the internal resources and / or financing of the Group.

The Company and / or its designee(s) may or may not proceed the Second and the Third Tranche Investments. Such investment would be accounted for as available-for-sale investment of the Group.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2015 (2014: Nil).

BUSINESS REVIEW

Overview

The Group's turnover for the year under review decreased by 7.1% to HK$70.1 million compared to HK$75.5 million for the prior year. ZONE Asia, comprising the Group's telecom operations in Singapore and Hong Kong, remained the major revenue contributor in 2015. The overall gross margin of the Group (as a percentage of its revenue) decreased slightly to 51.4% compared to 52.4% for the prior year. Profit attributable to equity holders of the Company of HK$3.9 million was recorded for the year as compared with a loss of HK$71.0 million in the previous year, mainly due to a one-off gain amounting to HK$44.8 million in regards to the disposal of the entire shareholding of ZONE Global Limited, compared with a loss of HK$48.2 million contributed by the Group's share of results of joint ventures for the prior year. The Group's net asset increased from HK$104.0 million as at 31 December 2014 to HK$228.1 million as at 31 December 2015.

ZONE Telecom, Asia

In 2015, ZONE Asia recorded total turnover of HK$68.5 million, representing a decrease of 7.4% as compared to HK$74.0 million for the prior year. The revenue derived from the traditional voice business segment continues to further decline both in Hong Kong and Singapore. In Hong Kong, ZONE remained focussed in expanding the project-based segment of its business which involves design, implementation and ongoing support of integrated enterprise-grade telecom systems and IT solutions. Despite increasing competition from other broadband connectivity service providers, ZONE continues to grow its enterprise customer base in Singapore through various unconventional marketing campaigns and product bundling strategies. In addition, Cybersite, a member of the ZONE Singapore operations, made further progress in expanding its cloud services in Singapore and around the neighbouring regions.

BUSINESS REVIEW *(continued)*

RMI, Hong Kong

In 2015 RMI, the Group's insurance marketing and distribution operations in conjunction with leading players in the insurance industry as well as prominent network partners in the region, continued its activities to market and distribute insurance-related products to the consumer public. While its management focussed its efforts on executing its mass market distribution strategy, particularly in Hong Kong, RMI has also advanced its business development initiatives in other countries in the Asian region. As progress made is at different stages of development, RMI is expected to continue to require ongoing investment for at least the remainder of 2016 before positive operating results can be realised.

Other Business Development

On 20 July 2015, the Company entered into a term sheet to make investment in Enraytek Optoelectronics Co., Ltd ("Enraytek"). As at 31 December 2015, the Group paid RMB12,500,000 (equivalent to HK$15,625,000) as a refundable deposit.

As no further definitive agreement was entered into by 31 December 2015, the term sheet lapsed accordingly. The deposit was refunded to the Company on 3 February 2016.

On 11 November 2015, China Portal Limited ("China Portal"), a subsidiary of the Company, entered into two conditional sale and purchase agreements in regards to the investment of Konka Green Lighting Co., Ltd. ("Konka"). As at 31 December 2015, the Group paid RMB12,500,000 (equivalent to HK$15,625,000) as a refundable deposit.

As certain conditions in relation to the sale and purchase agreements had not been satisfied or waived by 31 January 2016, the two sale and purchase agreements lapsed on 31 January 2016. The deposits were refunded to China Portal on 5 February 2016.

BUSINESS REVIEW *(continued)*

Outlook

On 19 February 2016, the Group completed the First Tranche Investment with a subscription for new ordinary share capital of Thunder Power Hong Kong Limited ("TPHK") for USD1 million and is now interested in 0.2% of the enlarged issued shares of TPHK. Pursuant to the Term Sheet, the Company and/or its designee(s) will have an option to invest for USD50 million to USD55 million in the Second Tranche Investment and will also have an option to invest for USD45 million in the Third Tranche Investment. For details, please refer to the announcement dated 15 February 2016. The Company intends to settle the consideration for the remaining tranche investments in cash using the internal resources and/or financing of the Group.

The Company and/or its designee(s) may or may not proceed with the Second and the Third Tranche Investments.

Looking ahead to the year 2016, the Group will continue to strengthen its existing telecommunication operations through ZONE Asia and related companies and its insurance distribution business through RMI and related companies. In addition, the Group will pursue other investment opportunities, in particular, in the technology and e-commerce related business in Greater China, where it is widely recognised that there is a significant and growing demand. The Board believes this will deliver business diversification, enhance shareholder value and contribute sustainable growth.

FINANCIAL REVIEW

Turnover and Results

The Group turnover for the year amounted to HK$70.1 million, representing a decrease of 7.1% compared to the prior year, mainly due to the reduction in revenue from ZONE Hong Kong operations.

The overall gross margin of the Group was 51.4%, compared to 52.4% for the prior year. The gross profit for the year decreased by 8.9% to HK$36.0 million, compared to HK$39.5 million for the previous year.

Total operating expenses of the Group amounted to HK$72.6 million, compared to HK$65.4 million in the previous year.

The Group's share of results of joint ventures reported a result of HK$Nil compared to a loss of HK$48.2 million for the prior year. The material increase in net loss in the prior year was primarily a result of a decrease in revenue and margin contributions from ANZ's traditional voice business and increased sales, marketing and personnel costs relating to the roll-out of its new hosted solution services.

FINANCIAL REVIEW *(continued)*

Turnover and Results (continued)

The operating loss of the Group amounted to HK$35.4 million, as compared to a loss of HK$24.3 million for the previous year.

The consolidated profit attributable to the equity holders of the Company amounts to HK$3.9 million, compared to a loss of HK$71.0 million for the previous year.

Disposal of ZONE Global Limited

In November 2014, an agreement to dispose of the entire shareholdings of ZONE Global Limited for a consideration of HK$130 million was entered into with a company controlled by the chairman (the "Chairman") of the Company. Details of this transaction have been set out in the Company's circular dated 28 November 2014. The transaction was approved on 16 December 2014 at a special general meeting of shareholders of the Company and was completed on 22 January 2015. A one-off gain amounting to HK$44.8 million arising from the transaction was recorded for the financial year ended 31 December 2015.

Capital Structure, Liquidity and Financing

As at 31 December 2015, the net assets of the Group amounted to HK$228.1 million compared to HK$104.0 million as at 31 December 2014, equivalent to a net asset value per share of HK$0.313 as at 31 December 2015 (2014: HK$0.200).

Capital expenditures for the year amounted to HK$10.8 million mainly in respect of network and general office equipment enhancements in Singapore and Hong Kong.

As at 31 December 2015, the number of issued shares has increased from 521,000,000 to 729,400,000. All shares issued during the year rank pari passu with the existing shares in all respects. On 27 May 2015, the Company allotted and issued an aggregate of 104,200,000 ordinary shares of HK$0.01 each for cash to six independent investors at a placing price of HK$0.69 per share under the general mandate granted by the shareholders at the annual general meeting of the Company held on 15 May 2014. The net proceeds were approximately HK$69.94 million. On 9 October 2015, the Company allotted and issued an aggregate of 104,200,000 ordinary shares of HK$0.01 each for cash to six independent investors at a placing price of HK$0.52 per share under the general mandate granted by the shareholders at the annual general meeting of the Company held on 20 May 2015. The net proceeds were approximately HK$52.68 million.

FINANCIAL REVIEW *(continued)*

Capital Structure, Liquidity and Financing (continued)

Both proceeds were intended to be used to finance the possible investments in regards to Enraytek under the term sheet dated 20 July 2015 and the acquisition of the entire issued share capital in Allied Crown and Arbo which would thereafter inject capital to Konka pursuant to the sale and purchase agreements dated 11 November 2015. As no further definitive agreement was entered into by 31 December 2015, the term sheet lapsed accordingly and the deposit in regards to the investment to Enraytek was refunded on 3 February 2016. As certain conditions in relation to the sale and purchase agreements had not been satisfied or waived by 31 January 2016, the sale and purchase agreements lapsed on 31 January 2016 and the deposits in regards to the investments in Allied Crown and Arbo were refunded on 5 February 2016.

After the lapse of the above possible investments in Enraytek and Konka, both of the net proceeds are now intended to finance part of a proposed investment of up to USD100 million in TPHK, a company which is principally engaged in the development of battery-powered electric vehicles, pursuant to the term sheet signed on 15 February 2016. On 19 February 2016, USD1 million had been paid for the 0.2% of the enlarged issued shares of TPHK.

Cash and bank balances together with cash held by a security broker (excluding pledged bank deposits) amounted to HK$120.9 million as at 31 December 2015 (2014: HK$42.1 million). On the same date, total pledged bank deposits amounted to HK$1.4 million (2014: HK$1.5 million). The bank guarantees of HK$1.4 million (2014: HK$1.5 million) were issued to suppliers for operation requirements.

As at 31 December 2015, the Group had no bank or other borrowings. As at 31 December 2014, total bank and other borrowings of the Group amounted to HK$9.6 million, of which HK$1.9 million was bank borrowing and the remaining balance of HK$7.7 million represented other borrowing described further below. As at 31 December 2014, the bank borrowing of HK$1.9 million was denominated in Singapore dollars. The loan and interest, at a floating rate, was repayable monthly in Singapore dollars over a period of three years. This loan, which was utilised for the acquisition of assets during 2012, was secured by the net assets of subsidiaries in Singapore. The bank borrowing was repaid on August 2015. The other borrowing of HK$7.7 million was denominated in United States dollars and was made by a company controlled by the then Chairman for a term commencing from July 2014 and expired in November 2015. This loan was unsecured and bore interest at a fixed rate. The other borrowing was derecognised through the disposal of the subsidiary, ZONE Resources Limited, on 28 February 2015.

As at 31 December 2015, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of net assets was 0% (2014: 9.3%). The decrease in the gearing ratio is due to the full release of bank and other borrowings during the year.

FINANCIAL REVIEW *(continued)*

Foreign Exchange Exposure

Since most of the Group's assets and liabilities are denominated in Hong Kong dollars, the Group considers there are no significant exposures to foreign exchange fluctuations as long as the Hong Kong-United States dollar exchange rate remains pegged. Moreover, certain revenue and payments of the Group are denominated in Singapore dollars. The Group continues to closely monitor the Singapore-Hong Kong dollar exchange rates and will, whenever appropriate, take appropriate action to mitigate such exchange risks. In this regard, as at 31 December 2015, no related currency hedges had been undertaken by the Group.

Contingent Liabilities and Commitments

As at 31 December 2015, there were no material contingent liabilities or commitments.

EMPLOYEE REMUNERATION POLICIES

As at 31 December 2015, the Group had 82 (2014: 84) employees in China, Hong Kong and Singapore and its total staff costs for 2015 were HK$32.6 million (2014: HK$37.3 million).

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employees and are in line with local market practices where the Group operates. The Group has established incentive bonus schemes to motivate and reward employees at all levels to achieve its objectives. In addition to salary and bonus payments, the Group also offers other fringe benefits, including provident fund and medical benefits, to employees.

CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of shareholders of the Company and enhance long term shareholder value. Except for the deviations described below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during the year ended 31 December 2015, acting in compliance with code provisions of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in Appendix 14 to the Listing Rules.

Code Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual so that the responsibilities are not concentrated with any one person. The Company has, as part of its written corporate policies, established and recorded in writing the respective responsibilities of the Chairman and the chief executive officer of the Company, in which it is specified that the Chairman is responsible for providing leadership to and effective running of the Board, while the chief executive, the role being undertaken by the managing director of the Company, is delegated with the authority and responsibility for overseeing the realisation of the budgets and objectives set by the Board.

CORPORATE GOVERNANCE *(continued)*

Prior to 10 February 2015, Mr. Richard John Siemens was the Chairman of the Board and also assumed the role of the chief executive of the Company. Mr. Richard John Siemens resigned as a Director on 10 February 2015 and, following his resignation, the role of the Chairman of the Board became vacant and Mr. Lim Shyang Guey was re-designated as the managing director to undertake the role of the chief executive of the Company. Mr. Yeung Chun Wai Anthony ("Mr. Yeung") was appointed as the Chairman of the Board on 25 June 2015 to fill the casual vacancies caused by the resignation of Mr. Richard John Siemens. Following the resignation of Mr. Lim Shyang Guey as a Director on 13 July 2015, Mr. Yeung appointed as the chief executive officer of the Company from 13 July 2015.

The Board from time to time re-assesses the possible negative impact of the Company deviating from Code Provision A.2.1 of the Corporate Governance Code, and believes that vesting the roles of both chairman and chief executive in the same person enables corporate planning and directing execution of business plans and growth strategies to be more effective. In addition, the Board believes that the balance of power and authority is adequately ensured by an effective Board which is comprised of experienced and high calibre individuals with three thereof being independent non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Listing Rules, as its own securities code. All directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code throughout the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee reviewed, with management and the external auditor of the Company, the accounting principles and practices adopted by the Group and discussed / assessed all key auditing, internal controls and financial reporting matters, including a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2015 and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FURTHER INFORMATION

The 2015 Annual Report of the Company containing all information required by Appendix 16 to the Listing Rules will be published on both the websites of Hong Kong Exchanges and Clearing Limited and the Company in due course.

SHAREHOLDER MATTER

Mr. Yeung Chun Wai Anthony ("Mr. Yeung"), an executive Director and a substantial shareholder of the Company, initially acquired 25,900,000 Shares (the "Shares") of HK$0.01 each in the share capital of the Company on 22 May 2015. Mr. Yeung subsequently acquired 153,690,000 Shares by himself and through his controlled corporations.

As of 31 December 2015, Mr. Yeung held 179,590,000 Shares representing 24.62% of the entire issued share capital of the Company, among which 43,690,000 Shares were held by Mr. Yeung in person and 135,900,000 Shares were held by Nova Investment Group Limited which is controlled by Mr. Yeung. As of the date of this report, Mr. Yeung holds 80,410,000 Shares and 135,900,000 Shares are held by Nova Investment Group Limited which is controlled by the spouse of Mr. Yeung.

APPRECIATION

Mr. Wong Xiang Hong and Mr. Yeung Chun Sing Standly have been appointed as an executive Director on 13 July 2015 and 11 January 2016 respectively. The Board would like to welcome Mr. Wong and Mr. Yeung to the Board.

The Board would like to thank all our customers, shareholders, business associates and professional advisers for their continuous support and extends its appreciation to all fellow directors and employees for their invaluable efforts and hard work, dedication and commitment to the Group during the period.

By Order of the Board
Yeung Chun Wai Anthony
Chairman and Chief Executive Officer

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises four executive Directors, Mr. Yeung Chun Wai Anthony, Mr. Chan Chi Yuen, Mr. Wong Xiang Hong and Mr. Yeung Chun Sing Standly; and three independent non-executive Directors, Mr. Chan Chiu Hung Alex, Mr. Fung Chan Man Alex and Mr. Chan Fong Kong Francis.