

JADASON ENTERPRISES LTD (REG. NO. 199003898K)

Financial Statement And Dividend Announcement for the Year Ended 31 December 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL-YEAR RESULTS

1(a) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Income Statement of the Group for the year ended 31 December 2015 ("FY 2015"):

	S\$'000		%
	FY 2015	FY 2014	Increase/ (Decrease)
Revenue	63,097	80,837	(22)
Cost of sales (Note 1)	<u>(65,088)</u>	<u>(73,385)</u>	(11)
Gross (loss)/profit (Note 1)	(1,991)	7,452	NM
Other income	470	611	(23)
Selling and distribution expenses	(2,240)	(2,234)	0
Administrative expenses (Note 2)	(13,181)	(13,327)	(1)
Impairment loss of plant and equipment (Note 3)	<u>(14,000)</u>	<u>-</u>	NM
Loss from operations	(30,942)	(7,498)	313
Finance cost	(578)	(712)	(19)
Impairment loss on amount owing by associate (Note 4)	<u>(427)</u>	<u>(521)</u>	(18)
Loss before income tax	(31,947)	(8,731)	266
Income tax (Note 5)	<u>(154)</u>	<u>(192)</u>	(20)
Loss after income tax	<u>(32,101)</u>	<u>(8,923)</u>	260
Attributable to: Equity holders of the Company	<u>(32,101)</u>	<u>(8,923)</u>	260

Loss for the year is arrived at after crediting/(charging) the following:

	S\$'000		%
	FY 2015	FY 2014	Increase/ (Decrease)
Allowance for doubtful trade debt	(221)	(66)	235
Allowance for doubtful non-trade debt (Note 2)	(906)	-	NM
Allowance for inventory obsolescence (Note 1)	(4,372)	(2,120)	106
Foreign exchange loss	(1,178)	(1,219)	(3)
Depreciation of property, plant and equipment (Note 6)	(5,571)	(7,230)	(23)
Gain on sale of plant and equipment	251	5	4,920
Write-off of plant and equipment	(23)	(10)	130

Notes to Income Statement:

Note 1

Included in the cost of sales for FY2015 is an allowance for inventory obsolescence of S\$4.4 million (FY2014: S\$2.1 million) recognised by the Group in the light of low demand experienced in its operating segments. Please also refer to Section 8 of this report.

Note 2

Included in administrative expenses for FY2015 is an allowance for doubtful non-trade debt of S\$0.9 million, made in respect of an amount owing by an interested party. As disclosed in our annual report for the financial year ended 31 December 2011, the amount of S\$3.3 million (HK\$20.0 million) then owed by Jadason Technology Limited ("JTL"), a former subsidiary, was to be repaid to the Group on an instalment basis over the period from 2012 to 2015. From 2012 to 2014, the Group had received the first three instalments, totaling S\$1.9 million (HK\$12.0 million), from JTL in accordance with the repayment schedule. However, in respect of the final instalment of S\$1.4 million (HK\$8.0 million) due in 2015, only S\$0.5 million (HK\$4.0 million) was received by the Group at 31 December 2015 and at the date of this report.

The Group has appointed a legal firm to recover the outstanding balance of S\$0.9 million (HK\$4.0 million plus interest) owing by JTL. An allowance for doubtful debt is made in respect of this amount. No separate announcement is made regarding this allowance for doubtful debt as the amount involved is below the value stipulated in Chapter 9 of the Listing Manual.

Note 3

As explained in our announcement of the results for the third quarter ended 30 September 2015, the impairment loss of plant and equipment was recognised due mainly to idle machines in the Group's 'Manufacturing and Support Services' business, in the face of weak demand and lack of visibility in business prospects in the near term for printed circuit board ("PCB") drilling and PCB mass lamination services in China.

Please refer to our announcement dated 6 November 2015 for further details on the rationale and methodology used in making the impairment.

Note 4

The Group carried out a review of the recoverability of the amount owing by the associate, and noted that the expansion of the associate into certain key markets was not progressing as planned. The review led to the recognition of an impairment loss of S\$0.4 million and S\$0.5 million in the income statement of the Group in FY2015 and FY2014 respectively.

Note 5

An income tax charge arose in spite of the loss before income tax due to an under-provision in respect of prior years of S\$87,000 (FY2014: S\$4,000) and as certain subsidiaries within the Group were profitable, and that losses incurred by certain entities could not be offset against the profits of other subsidiaries for income tax purposes.

Note 6

Depreciation charges decreased in FY2015 following the recognition of the impairment loss of plant and equipment as explained in Note 3 above.

NM – Percentage changes are not meaningful.

Please refer to Section 8 of this report for a more detailed discussion on the performance of the Group's operating segments.

Unaudited statement of comprehensive income of the Group for the year ended 31 December 2015:

	FY 2015	FY 2014	Increase/ (Decrease)
	S\$'000	S\$'000	%
Loss after income tax for the year	(32,101)	(8,923)	260
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translating foreign operations	<u>2,219</u>	<u>1,361</u>	63
	2,219	1,361	
Total comprehensive income for the year	<u>(29,882)</u>	<u>(7,562)</u>	295
Total comprehensive income attributable to:			
Equity holders of the Company	(29,882)	(7,562)	295

1(b)(i) A statement of financial positions (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Financial positions as at 31 December 2015 and 31 December 2014:

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances (Note 1)	14,791	12,151	1,071	2,580
Bank deposits (Note 1)	17,777	23,249	-	-
Inventories (Note 2)	4,525	9,640	697	1,426
Trade receivables (Note 3)	20,921	26,838	1,760	2,738
Bills receivables (Note 3)	9,081	14,929	-	-
Other receivables and prepayments (Note 4)	1,804	3,337	86	119
Amounts due from subsidiaries	-	-	3,243	2,981
Total	68,899	90,144	6,857	9,844
Non-current assets:				
Property, plant and equipment (Note 5)	20,023	37,408	278	263
Subsidiaries	-	-	62,708	62,708
Total	20,023	37,408	62,986	62,971
TOTAL ASSETS	88,922	127,552	69,843	72,815

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES & EQUITY				
Current liabilities:				
Bank loans (Note 6)	16,206	23,172	8,830	4,769
Trust receipts (Note 7)	2,197	3,587	2,197	2,305
Trade payables (Note 7)	11,656	14,460	1,409	4,359
Other payables (Note 8)	4,505	3,801	425	543
Income tax payable	159	81	-	-
Finance leases	14	14	13	13
Amounts due to subsidiaries	-	-	1,290	4,582
Total	34,737	45,115	14,164	16,571
Non-current liabilities:				
Finance leases	21	35	21	34
Bank loans (Note 6)	2,280	-	2,280	-
Deferred income tax	24	524	16	16
Provision for long service payment	499	635	-	-
Total	2,824	1,194	2,317	50
Capital & reserves:				
Share capital	50,197	50,197	50,197	50,197
Share option reserve	1,280	1,280	1,280	1,280
Treasury shares	(307)	(307)	(307)	(307)
Translation reserve	1,755	(464)	(78)	(80)
Reserve and Enterprise Expansion Funds (Note 9)	6,063	6,005	-	-
Accumulated (losses)/profits	(7,627)	24,532	2,270	5,104
Total	51,361	81,243	53,362	56,194
TOTAL LIABILITIES AND EQUITY	88,922	127,552	69,843	72,815

Notes:

Note 1

Please refer to the statement of cash flows of the Group, found in Section 1(c) of this report.

Note 2

The decrease in inventories of the Group was due mainly to the recognition of an allowance for inventory obsolescence of S\$4.4 million, as explained in Note 1 of Section 1(a) of this report.

Note 3

The decreases in trade and bills receivables were due mainly to payments received by the Group, and lesser business activities for both the Equipment and Supplies business and the Manufacturing and Support Services business in the last quarter of the year under review, compared with the last quarter of FY2014.

Note 4

The decrease in other receivables was due mainly to payments received by the Group, and an allowance for doubtful debt recognised during the year under review (see Note 2 of Section 1(a)).

Note 5

The decrease in property, plant and equipment of the Group was due mainly to depreciation and impairment (see also Note 3 of Section 1(a)) charges, offset partially by the effects of translating the financial statements of foreign subsidiaries into Singapore dollar and the acquisition of equipment for use in the Group's Manufacturing and Support Services business.

Note 6

During the year under review, the Group repaid bank loans totaling S\$13.8 million and obtained new loans of S\$9.1 million.

Note 7

The decreases in trust receipts and trade payables of the Group at 31 December 2015 was due mainly to payments made by the Group, and lower levels of business activities during the last quarter of the year under review.

Note 8

The increase in other payables of the Group was due mainly to higher value added tax payable at the Group's China subsidiaries at 31 December 2015.

Note 9

Reserve and Enterprise Expansion Funds pertain to subsidiaries in China, and are appropriations of profits made in accordance with applicable laws and regulations.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 Dec 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
\$14,000	\$18,403,000	\$14,000	\$26,759,000

Amount repayable after one year

As at 31 Dec 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
\$21,000	\$2,280,000	\$35,000	-

Details of any collateral

Plant and equipment of the Group with net book values of \$73,000 (31 December 2014: \$95,000) are acquired under finance leases.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY 2015	FY 2014
	S\$'000	S\$'000
Cash flows from operating activities:		
Loss before income tax	(31,947)	(8,731)
Adjustments for:		
Allowance for inventory obsolescence	4,372	2,120
Allowance for doubtful non-trade debt	906	-
Depreciation of property, plant and equipment	5,571	7,230
Impairment loss of plant and equipment	14,000	-
Impairment loss on amount owing by associate	427	521
Interest expense	578	712
Interest income	(813)	(1,249)
Gain on disposal of plant and equipment	(251)	(5)
Provision for long-service payment	-	61
Operating (loss)/profit before working capital changes	(7,157)	659
Trade receivables	5,917	16,520
Bills receivables	5,848	(6,867)
Other receivables	627	1,577
Inventories	743	867
Balances with associate	(427)	(521)
Trade payables	(2,804)	(14,330)
Trust receipts	(1,390)	1,899
Other payables	704	(677)
Provision for long-service payment	(136)	-
Cash generated from / (used in) operations	1,925	(873)
Interest paid	(578)	(712)
Interest received	813	1,249
Income tax paid	(76)	(612)
Net cash from / (used in) operating activities	2,084	(948)
Cash flows from investing activities:		
Purchase of plant and equipment	(1,388)	(4,112)
Proceeds from disposal of plant and equipment	547	117
Net cash used in investing activities	(841)	(3,995)
Cash flows from financing activities:		
Proceeds from loans	9,120	6,303
Repayment of loans	(13,806)	(13,013)
Repayment of finance leases	(14)	(92)
Net cash used in financing activities	(4,700)	(6,802)
Net decrease in cash and cash equivalents	(3,457)	(11,745)
Cash and cash equivalents at beginning of year	35,400	46,129
Effects of exchange rate changes	625	1,016
Cash and cash equivalents at end of year	32,568	35,400

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital	Treasury Shares	Share Option Reserve	Translation Reserve	Surplus Reserve #	Accumulated Profits / (losses)	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP							
2015							
Balance at 1 January 2015	50,197	(307)	1,280	(464)	6,005	24,532	81,243
Loss for the year	-	-	-	-	-	(32,101)	(32,101)
Transfer to Surplus Reserve	-	-	-	-	58	(58)	-
Currency translation gain	-	-	-	2,219	-	-	2,219
Balance at 31 December 2015	50,197	(307)	1,280	1,755	6,063	(7,627)	51,361
2014							
Balance at 1 January 2014	50,197	(307)	1,280	(1,825)	6,005	33,455	88,805
Loss for the year	-	-	-	-	-	(8,923)	(8,923)
Currency translation gain	-	-	-	1,361	-	-	1,361
Balance at 31 December 2014	50,197	(307)	1,280	(464)	6,005	24,532	81,243
COMPANY							
2015							
Balance at 1 January 2015	50,197	(307)	1,280	(80)	-	5,104	56,194
Loss for the year	-	-	-	-	-	(2,834)	(2,834)
Currency translation gain	-	-	-	2	-	-	2
Balance at 31 December 2015	50,197	(307)	1,280	(78)	-	2,270	53,362
2014							
Balance at 1 January 2014	50,197	(307)	1,280	(77)	-	8,797	59,890
Loss for the year	-	-	-	-	-	(3,693)	(3,693)
Currency translation loss	-	-	-	(3)	-	-	(3)
Balance at 31 December 2014	50,197	(307)	1,280	(80)	-	5,104	56,194

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 9 of Section 1(b)(i)).

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the share capital of the company during the year ended 31 December 2015.

As at 31 December 2015, there were unexercised options for 15,300,000 (31 December 2014: 16,500,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. During the year ended 31 December 2015, 1,200,000 options were cancelled.

As at 31 December 2015, there were 3,670,000 (31 December 2014: 3,670,000) shares held in treasury. (See also Section 1(d)(iv) below.)

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares (excluding treasury shares) as at 31 December 2015 was 722,395,000 (31 December 2014: 722,395,000).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

At 1 January 2015 and 31 December 2015	(3,670,000)
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2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2014 except as described in Section 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 January 2015, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the retained earnings of the Group as at 1 January 2015.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group Figures	
	FY 2015	FY 2014
Loss per ordinary share for the year after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	(4.44 cents)	(1.24 cents)
(ii) On a fully diluted basis	(4.44 cents)	(1.24 cents)

The calculation of earnings per share for the year ended 31 December 2015 is based on:

- (1) Group's loss after taxation attributable to equity holders of \$32,101,000 (2014: loss after taxation of \$8,923,000);
- (2) Weighted average number of ordinary shares of 722,395,000 (2014: 722,395,000) applicable to basic earnings per share;
- (3) Weighted average number of ordinary shares of 722,395,000 (2014: 722,395,000) applicable to diluted earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Net asset value per ordinary share	7.11 cents	11.25 cents	7.39 cents	7.78 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

	Revenue		Loss from Operations	
	FY 2015	FY 2014	FY 2015	FY 2014
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	34,087	37,347	(4,574)	(3,740)
Manufacturing and Support Services	29,010	43,490	(25,462)	(3,758)
Others	-	-	(906)	-
Total	63,097	80,837	(30,942)	(7,498)

Revenue for FY2015 was S\$63.1 million, a decrease of 22% compared with the previous year. The Group posted a loss from operations of S\$30.9 million for FY2015, compared with a loss from operations of S\$7.5 million for FY2014. As noted in Section 1(a) of this report, the operating results for the year under review included an impairment loss of plant and equipment of S\$14.0 million (FY2014: Nil), an allowance for doubtful non-trade debt of S\$0.9 million (FY2014: Nil) and a write-down in value of inventories of S\$4.4 million (FY2014: S\$2.1 million).

Revenue for the Equipment and Supplies business for FY2015 decreased by S\$3.3 million, or 9%, compared with FY2014. As noted in previous announcements, sales of equipment to printed circuit board ("PCB") manufacturers weakened during the year under review. PCB manufacturers were generally cautious in expanding their production capacities as demand for information and technology products was affected by the slow growth in the major economies, including China.

Revenue of the Manufacturing and Support Services business for FY2015 decreased by 33% to S\$29.0 million compared with FY2014. In FY2015, the Group's plants in China which are engaged in the provision of manufacturing and support services continued to experience weak demand from customers who have exposure to mobile services infrastructure equipment and mobile devices. The persistent weak demand led to the recognition of an impairment loss of plant and equipment as explained in Note 3 of Section 1(a) of this report. Also Included in the operating loss of this business segment for FY2015 was a write-down in value of inventories of S\$3.4 million (FY2014: S\$0.9 million).

Please refer to Note 2 of Section 1(a) of this report with regard to 'Others' segment.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results are in line with our announcement dated 6 November 2015.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The slow growth in China will continue to affect the electronics sector and the PCB industry. In addition, high turnover of workers at the Group's plants in China negatively affect the productivities at these plants. The Group expects a challenging operating environment for both its 'Equipment and Supplies' and 'Manufacturing and Support Services' business segments.

The Group ended FY2015 with a net cash balance of S\$14.0 million (FY2014: S\$12.2 million) after accounting for its bank loans and leasing obligations. The Group's financial position remains healthy.

Whilst continuing to rationalise and streamline its core businesses, the Group will also explore new businesses or opportunities for growth.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

Name of dividend	
Dividend type	
Dividend rate	
Tax rate	

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

Name of dividend	
Dividend type	
Dividends in cents per share	
Tax rate	

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the year ended 31 December 2015.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Equipment and supplies	Manufacturing and support services	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>2015</u>				
Revenue:				
- External sales	34,087	29,010	-	63,097
- Inter-segment sales	-	-	-	-
Total	<u>34,087</u>	<u>29,010</u>	<u>-</u>	<u>63,097</u>
Results:				
EBITDA*	(4,474)	(20,804)	(906)	(26,184)
Interest income	53	760	-	813
Depreciation	<u>(153)</u>	<u>(5,418)</u>	<u>-</u>	<u>(5,571)</u>
Operating loss	(4,574)	(25,462)	(906)	(30,942)
Interest expense	(231)	(347)	-	(578)
Impairment loss on amount owing by associate	-	-	(427)	(427)
Loss before income tax	(4,805)	(25,809)	(1,333)	(31,947)
Income tax expense	<u>(40)</u>	<u>(114)</u>	<u>-</u>	<u>(154)</u>
Loss for the year	<u>(4,845)</u>	<u>(25,923)</u>	<u>(1,333)</u>	<u>(32,101)</u>
<u>2014</u>				
Revenue:				
- External sales	37,347	43,490	-	80,837
- Inter-segment sales	-	-	-	-
Total	<u>37,347</u>	<u>43,490</u>	<u>-</u>	<u>80,837</u>
Results:				
EBITDA*	(3,664)	2,147	-	(1,517)
Interest income	139	1,110	-	1,249
Depreciation	<u>(215)</u>	<u>(7,015)</u>	<u>-</u>	<u>(7,230)</u>
Operating loss	(3,740)	(3,758)	-	(7,498)
Interest expense	(391)	(321)	-	(712)
Impairment loss on amount owing by associate	-	-	(521)	(521)
Loss before income tax	(4,131)	(4,079)	(521)	(8,731)
Income tax expense	<u>(171)</u>	<u>(21)</u>	<u>-</u>	<u>(192)</u>
Loss for the year	<u>(4,302)</u>	<u>(4,100)</u>	<u>(521)</u>	<u>(8,923)</u>

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8 of this announcement.

16. A breakdown of sales.

	FY 2015	FY 2014	+ / (-)
Group	S\$'000	S\$'000	%
Sales reported for first half-year	35,604	39,271	(9)
Loss after income tax for first half-year	(5,511)	(860)	541
Sales reported for second half-year	27,493	41,566	(34)
Loss after income tax for second half-year	(26,590)	(8,063)	230

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY 2015	FY 2014
	S\$'000	S\$'000
Ordinary dividend	-	-
Special dividend (Preference dividend)	-	-
Total	-	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(1) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Group who is related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Fung Chi Wai
Chief Executive Officer
26 February 2016