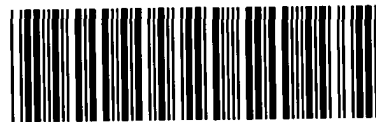


# Standard Chartered APR Limited

Directors' Report and Financial Statements  
for the year ended 31 December 2016

**Registered Number: 5215167**

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## Directors' Report

The Directors present their report and audited financial statements of Standard Chartered APR Limited (the "Company") for the year ended 31 December 2016.

### Principal activity

The principal activity of the Company throughout the year was that of an investment holding.

### Business review

The results of the Company are set out on page 7.

The directors set out below a review of the development and performance of the business during the year and its position at the year end. This review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties faced.

The Company is an investment holding company.

The Company has an investment in equity shares issued by a bank in Vietnam. During the year 2016, the investment has been reclassified as an 'asset-held-for-sale'. For further details, please refer to note 12 to the financial statements. The Company forms part of Standard Chartered Group and this is not expected to change in the foreseeable future.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of the net return on the investment holdings of the Company.

The financial statements have been prepared on a going concern basis.

### Financial instruments

Financial instruments for the year comprised inter group balances and investment in listed securities.

## Directors' Report

### Dividend

No dividend was declared and paid in 2016 (2015: Nil). The directors do not recommend the payment of a final dividend (2015: Nil).

### Directors

The Directors who held office during the year and up to the date of this report were as follows:

Paul Stuart Chambers	
Christopher John Daniels	
Hoi Keung Lee	(resigned on 16 May 2017)
Allison Helen Strachan	(resigned on 20 June 2016)
Tim Lord	(resigned as alternate director to Paul Stuart Chambers on 19 August 2016)

The following director was appointed after the end of the financial year:

Yee Mann Hau	(appointed on 19 May 2017)
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### Qualifying third party indemnities

There are no qualifying third party indemnities in force at the time of this report.

### Employees

The Company has no employees (2015: Nil).

### Risk management

The risk management objectives of the Company are set out in note 10.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Directors' Report

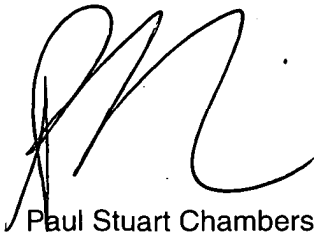
### Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be appointed and KPMG LLP will therefore continue in office.

### Strategic report

In accordance with section 414A(2) of the Companies Act 2006, the Company is not required to present a strategic report.

By order of the Board



Paul Stuart Chambers

Director

1 Basinghall Avenue  
London  
EC2V 5DD

Date: 25 August 2017

## Statement of directors' responsibilities in respect of the Directors' Report and financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Directors' Report and the financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## Independent Auditor's Report to the members of Standard Chartered APR Limited

We have audited the financial statements of Standard Chartered APR Limited (the "Company") for the year ended 31 December 2016 set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

This report is made solely to Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# Independent Auditor's Report to the members of Standard Chartered APR Limited (continued)

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

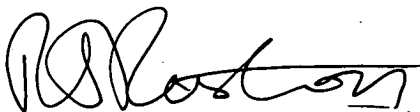
Based solely on the work required to be undertaken in the course of the audit of the Financial Statements and from reading the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Richard Rawstron (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
25 August 2017

# Statement of comprehensive income for the year ended 31 December 2016 (Expressed in United States dollars)

	Note	2016 \$'000	2015 \$'000
Revenue	5	313	2,634
Exchange gain		918	3,555
Fee and commission expenses		(13)	(47)
		<u>1,218</u>	<u>6,142</u>
Finance costs paid to the immediate holding company		(803)	(657)
Other operating costs		(11)	(14)
<b>Profit before taxation</b>		<u>404</u>	<u>5,471</u>
Tax credit	6	<u>161</u>	<u>153</u>
<b>Profit after taxation</b>		<u>565</u>	<u>5,624</u>
<b>Other comprehensive income:</b>			
Changes in fair value of investment in listed equity securities during the year		<u>(2,829)</u>	<u>13,310</u>
<b>Total comprehensive income</b>		<u>(2,264)</u>	<u>18,934</u>

The notes on pages 13 to 29 form part of these financial statements.

## Statement of financial position at 31 December 2016

(Expressed in United States dollars)

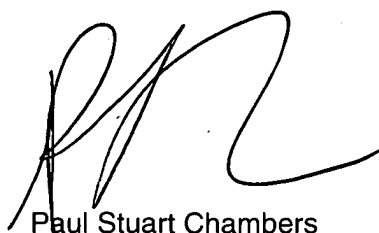
	Note	2016 \$'000	2015 \$'000
<b>Non-current asset</b>			
Investment in listed equity securities classified as "available-for-sale"	7	-	72,494
<b>Current assets</b>			
Amount due from the immediate holding company	8	107,694	108,700
Amount due from a fellow subsidiary	8	14	14
Amounts due from group undertakings for UK tax losses		601	438
Investment in listed equity securities classified as "held for sale"		69,977	-
		<u>178,286</u>	<u>109,152</u>
<b>Current liabilities</b>			
Amount due to the immediate holding company	8	70,966	72,050
Amount due to the intermediate holding company	8	14,693	14,705
Loan from the immediate holding company	8	36,217	36,217
Other liabilities		14	14
		<u>121,890</u>	<u>122,986</u>
<b>Net current assets/(liabilities)</b>		<u>56,396</u>	<u>(13,834)</u>
<b>NET ASSETS</b>		<u>56,396</u>	<u>58,660</u>

Statement of financial position at 31 December 2016  
(continued)  
(Expressed in United States dollars)

	Note	2016 \$'000	2015 \$'000
<b>EQUITY</b>			
Share capital	8	21,972	21,972
Reserves		<u>34,424</u>	<u>36,688</u>
<b>TOTAL EQUITY</b>		<u><u>56,396</u></u>	<u><u>58,660</u></u>

The notes on pages 13 to 29 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 August 2017,  
and were signed on its behalf by:



Paul Stuart Chambers

Director

## Statement of changes in equity for the year ended 31 December 2016

(Expressed in United States dollars)

	Share capital \$'000	Available- for-sale investment reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 January 2015</b>	21,972	-	17,754	39,726
<b>Change in equity for 2015:</b>				
Total comprehensive income for the year	-	13,310	5,624	18,934
<b>Balance at 31 December 2015 and 1 January 2016</b>	21,972	13,310	23,378	58,660
<b>Change in equity for 2016:</b>				
Total comprehensive income for the year	-	(2,829)	565	(2,264)
<b>Balance at 31 December 2016</b>	<u>21,972</u>	<u>10,481</u>	<u>23,943</u>	<u>56,396</u>

The notes on pages 13 to 29 form part of these financial statements.

## Cash flow statement for the year ended 31 December 2016 (Expressed in United States dollars)

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Profit before tax		404	5,471
Adjustments for:			
Exchange gain		(918)	(3,555)
Non-operating items:			
– finance costs paid to the immediate holding company		803	657
– dividend received		-	(2,633)
– fair value of stock dividend	12(a)	(312)	-
Decrease in amount due from fellow subsidiary		-	2
Decrease in amount due to the intermediate holding company		(14)	(194)
Decrease in amounts due from group undertakings for UK tax losses		-	208
<b>Cash flow used in operations</b>		(37)	(44)
Tax paid		-	-
<b>Net cash used in operating activities</b>		(37)	(44)
<b>Cash flows from investing activity</b>			
Cash dividend received from investment in listed equity securities		-	2,633
<b>Net cash generated from investing activity</b>		-	2,633

## Cash flow statement for the year ended 31 December 2016 (continued) (Expressed in United States dollars)

	2016 \$'000	2015 \$'000
<b>Cash flows from financing activity</b>		
Interest paid on loan from the immediate holding company	(994)	(374)
<b>Net cash used in financing activity</b>	<u>(994)</u>	<u>(374)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,031)	2,215
<b>Cash and cash equivalents at 1 January</b>	37,001	31,231
<b>Effect of foreign exchange rate changes</b>	<u>918</u>	<u>3,555</u>
<b>Cash and cash equivalents at 31 December</b>	<u>36,888</u>	<u>37,001</u>
<b>Cash and cash equivalents are shown in the balance sheet as:</b>		
Amount due from the immediate holding company	107,694	108,700
Amount due to the immediate holding company	(70,966)	(72,050)
Exclude: Amount due to the immediate holding company with original maturity over 3 months	146	337
Amount due from a fellow subsidiary	<u>14</u>	<u>14</u>
<b>Cash and cash equivalents in the cash flow statement</b>	<u>36,888</u>	<u>37,001</u>

The notes on pages 13 to 29 form part of these financial statements.

## Notes to the financial statements

*(Expressed in United States dollars unless otherwise indicated)*

### 1 Principal accounting policies

#### **Statement of compliance**

The Company's financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") (together "adopted IFRS").

#### **(a) Basis of preparation**

The Company has prepared its financial statements in accordance with IFRSs as endorsed by the EU.

The financial statements have been prepared on a going concern basis.

At 31 December 2016, the Company had adopted all IFRSs and interpretations that had been issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC"), and endorsed by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the IFRIC and its predecessor body.

#### **(b) Reporting entity**

Standard Chartered APR Limited is a private limited liability company established in the United Kingdom. The address of the Company's registered office is 1 Basinghall Avenue, London EC2V 5DD. The principal activity of the Company is investment holding.

## 1 Principal accounting policies (continued)

### (c) Recently issued accounting pronouncements

At 31 December 2016, a number of accounting standards, interpretations and amendments had been issued by the IASB, which are not yet effective for the Company financial statements. Those that are relevant and applicable to the Company are included below. None of these are expected to result in any material adjustment to the financial statements.

The use of IFRS and IFRIC Interpretations that have yet to be endorsed by the EU is not permitted.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to IAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to IAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
IFRS 9, <i>Financial instruments</i>	1 January 2018
IFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
IFRS 16, <i>Leases</i>	1 January 2019

### (d) Functional currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency. All financial information presented in USD has been rounded to the nearest thousand, except when otherwise indicated.

## **1 Principal accounting policies (continued)**

### **(e) Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, or year-end exchange rates if held at fair value, and the resulting foreign exchange gains and losses are recognised in either the income statement or shareholders' equity depending on the treatment of the gain or loss on the asset or liability.

### **(f) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, on demand and balances with less than three months maturity from the date of acquisition, including amounts due from group companies.

### **(g) Financial assets and liabilities (excluding derivative financial instruments)**

The Company classifies its financial assets into the following measurement categories: loans and receivables and available-for-sale. Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. Management determines the classification of its financial assets and liabilities at initial recognition or, where appropriate, at the time of reclassification.

#### *Available-for-sale*

Available-for-sale assets ("AFS") are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements or changes in interest rates, exchange rates, commodity prices or equity prices.

Available-for-sale investments are stated at fair value, with any resultant gains and losses arising from changes in fair value taken to the available-for-sale reserve within equity until the asset is sold, or is impaired, when the cumulative gain or loss is transferred to the income statement.

The fair values of quoted investments in active markets are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques.

## **1 Principal accounting policies (continued)**

### **(h) Impairment of available-for-sale investments**

Where objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the amortised cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is reclassified from equity and recognised in the income statement. A significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors, in assessing objective evidence of impairment for equity securities.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

### **(i) Assets held for sale**

Non-current assets and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available for sale in their present condition; and (iii) their sale is highly probable. Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in the disposal groups) are measured in accordance with the applicable accounting policies described above.

### **(j) Related parties**

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

## 1 Principal accounting policies (continued)

### (j) Related parties (continued)

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

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

### (k) Share capital

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

Dividends on ordinary shares classified as equity are recognised in equity in the period in which they are declared.

## **1 Principal accounting policies (continued)**

### **(l) Taxation**

Income tax payable on profits is based on the applicable tax law in each jurisdiction and is recognised as an expense in the period in which profits arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as at the balance sheet date, and that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax relating to items that are charged or credited directly to equity is credited or charged directly to equity and is subsequently recognised in the income statement together with the current or deferred gain or loss.

### **(m) Interest income and expense**

Interest income and expense on available-for-sale investments, financial assets or liabilities held at amortised cost and financial assets designated at fair value through profit or loss excluding derivatives is recognised in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### **(n) Dividend income**

Dividends on the Company's investments are recognised in the income statement when the entity's right to receive payment is established.

## 2 New accounting standards adopted

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Company. None of these development has had a material impact to the Company's financial statements as they were not relevant to the Company's operations.

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

## 3 Auditor's remuneration

The auditor's remuneration for 2016 was \$14,172 (2015: \$12,602).

## 4 Directors' emoluments

None of the directors received any fees or emoluments for their services as directors of the Company during the year.

## 5 Revenue

	2016 \$'000	2015 \$'000
Dividend income from available-for-sale equity securities	-	2,633
Fair value of incremental stock dividend from investment in listed equity securities classified as "asset held for sale" (note 12a)	312	-
Interest income from the immediate holding company	1	1
	<u>313</u>	<u>2,634</u>

## 6 Taxation

### *Taxation in the statement of profit or loss and other comprehensive income*

	2016 \$'000	2015 \$'000
<b>Analysis of taxation expense/(credit) in the year:</b>		
<b><i>The expense/(credit) for taxation based upon the profits for the year comprises:</i></b>		
<b>Current tax</b>		
United Kingdom corporation tax at 20% (2015: 20.25%)		
– Current tax credit on income for the year	(165)	(153)
– Adjustments in respects of prior periods	4	-
	<u>(161)</u>	<u>(153)</u>
<b><i>Explanation of the relationship between the credit/(charge) and accounting profit/(loss)</i></b>		
Profit on ordinary activities before taxation	<u>404</u>	<u>5,471</u>
Tax at 20% (2015: 20.25%)	81	1,108
Effects of:		
– Adjustment in respect of prior year	4	-
– Non-taxable exchange gain	(183)	(728)
– Non-taxable dividend income	(63)	(533)
Taxation	<u>(161)</u>	<u>(153)</u>

## **6 Taxation (continued)**

On 5 December 2012, the UK government announced reductions in the UK corporation tax rate to 23 percent in 2013-14, 21 percent in 2014-15 and 20 percent in 2015-16. These tax rates changes have been substantively enacted as at 31 December 2016 giving a rate of 20% for the year ended 31 December 2016.

On 8 July 2015, the UK government announced changes to tax rates the effect of these reductions is to lower the rate to 19 percent in 2017-18 and to 18 percent in 2020-21. On 16th March 2016, the UK Government announced a further one percent reduction in the main rate of UK Corporation Tax in 2020-21, the effect of this reduction is to lower the rate to 17 percent in 2020-21. This rate change has been substantively enacted at the balance sheet date and accordingly these changes have been reflected in these Financial Statements. This change will not impact these Financial Statements as there is no deferred tax balance.

## **7 Available-for-sale equity securities - listed**

In 2016, the Company reclassified its investment in listed equity securities as "asset held for sale". The analysis of the results of the asset held for sale is summarised in note 12.

## **8 Related parties**

### **(a) Directors and officers**

None of the directors or officers received any fees or emoluments from the Company during the year (2015: Nil).

### **(b) Amount due from a fellow subsidiary**

Amounts due from a fellow subsidiary are unsecured, non-interest bearing and will be recoverable within the next three months.

### **(c) Amount due from/to the immediate/intermediate holding company**

Amounts due from and to the immediate and intermediate holding company are unsecured, non-interest bearing and have no fixed terms of repayment.

### **(d) Loan from the immediate holding company**

Loan from the immediate holding company is unsecured, interest-bearing at 3-month London Interbank Offered Rates and has no fixed terms of repayment.

## 9 Share capital

### (a) *Authorised and issued share capital*

Following amendment to corporate law in the UK through the Companies Act 2006, the Company has amended its Articles of Association to remove the provision for authorised share capital.

	2016		2015	
	No. of shares (‘000)	Amount \$’000	No. of shares (‘000)	Amount \$’000
<b>Allotted, called up and fully paid</b>				
At 1 January	<u>21,972</u>	<u>21,972</u>	<u>21,972</u>	<u>21,972</u>
At 31 December	<u>21,972</u>	<u>21,972</u>	<u>21,972</u>	<u>21,972</u>

On incorporation, the Company issued share capital of \$100 which comprised 100 ordinary shares of \$1 each.

### (b) *Capital management*

As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines “capital” as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as capital. On this basis the amount of capital employed at 31 December 2016 was \$56,396,000 (2015: \$58,660,000).

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The Company was not subject to externally imposed capital requirements in either the current or prior year.

## 10 Financial instruments

### (a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. The Company's credit risk is primarily attributable to held for sale equity securities, amounts due from the immediate holding company and a fellow subsidiary, and group undertaking for UK tax losses. Since the Company trades only with recognised and creditworthy third parties, the exposure to credit risk is not considered significant.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2016				Total \$'000
	Repayable on demand \$'000	1 year or less \$'000	Between 1 year and 5 years \$'000	Over 5 years \$'000	
<b>Liabilities</b>					
Amount due to the immediate holding company	70,966	-	-	-	70,966
Amount due to the intermediate holding company	14,693	-	-	-	14,693
Loan from the immediate holding company	-	36,217	-	-	36,217
Other liabilities	14	-	-	-	14
	<u>85,673</u>	<u>36,217</u>	<u>-</u>	<u>-</u>	<u>121,890</u>

## 10 Financial instruments (continued)

### (b) Liquidity risk (continued)

	2015				Total \$'000
	Repayable on demand \$'000	1 year or less \$'000	Between 1 year and 5 years \$'000	Over 5 years \$'000	
<b>Liabilities</b>					
Amount due to the immediate holding company	72,050	-	-	-	72,050
Amount due to the intermediate holding company	14,705	-	-	-	14,705
Loan from the immediate holding company	-	36,217	-	-	36,217
Other liabilities	14	-	-	-	14
	<u>86,769</u>	<u>36,217</u>	<u>-</u>	<u>-</u>	<u>122,986</u>

### (c) Market risk

Market risk is the risk that fair value of a financial instrument will fluctuate because of changes in the market prices. The Company has established policies and procedures to identify and analyse these risks, to set appropriate risk controls, and to monitor the risks continually by means of reliable and up-to-date management and information systems. The Company continually modifies and enhances its risk management policies and systems to reflect changes in the market and best practice risk management processes.

#### (i) Interest rate risk

Interest rate risk is the risk that the value of an interest-bearing security will fluctuate due to changes in market interest rates.

#### Sensitivity analysis

At 31 December 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant would decrease/increase the Company's profit before tax by approximately \$362,000 (2015: \$362,000).

## 10 Financial instruments (continued)

### (c) Market risk (continued)

#### (i) Interest rate risk (continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date.

The 100 basis point increase or decrease represents management's annual assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis was performed on the same basis for 2015.

#### (ii) Foreign currency risk

The Company is exposed to foreign currency risk through certain transactions that are denominated in Vietnamese Dong ("VND") or Hong Kong Dollars ("HKD"). The Company uses hedging strategies in respect of the VND exposures. The net foreign currency exposures are kept to an acceptable level and the risk is not considered significant. As HKD is pegged to USD, the Company does not expect significant movements in the USD/HKD exchange rate.

#### Foreign exchange exposures

Foreign exchange exposures arising from trading and non-trading positions in all foreign currencies are shown as follows:

	2016		
	HKD \$'000	VND \$'000	Total \$'000
<b>Equivalent in US\$'000</b>			
Net short position	(14)	(805)	(819)
	<u>          </u>	<u>          </u>	<u>          </u>
	2015		
	HKD \$'000	VND \$'000	Total \$'000
<b>Equivalent in US\$'000</b>			
Net (short)/long position	(14)	796	782
	<u>          </u>	<u>          </u>	<u>          </u>

There were no structural positions as at 31 December 2016 and 31 December 2015.

## 10 Financial instruments (continued)

### (c) Market risk (continued)

#### (iii) Other price risk

Other price risk is the risk that value of an equity security will fluctuate as a result of changes in market conditions (other than those arising from currency risk), whether caused by factors specific to an individual investment or factors affecting all similar investments held by the Company.

The following table demonstrates the sensitivity to a 5% increase/decrease in the fair values of equity securities, with all other variables held constant, based on their carrying amounts at the balance sheet date.

	<i>Increase/ decrease in loss after tax \$'000</i>	<i>Increase/ decrease in equity \$'000</i>
<b>2016</b>		
Investment in listed equity securities classified as "asset held for sale"	-	3,499
	_____	_____
	<i>Increase/ decrease in profit after tax \$'000</i>	<i>Increase/ decrease in equity \$'000</i>
<b>2015</b>		
Investment in listed equity securities classified as available-for-sale equity securities	-	3,625
	_____	_____

### (d) Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Company's total exposures. The Company's portfolio of financial instruments is primarily attributable to amounts due from the immediate holding company and a fellow subsidiary, the exposure to credit risk is not considered to be significant.

## 10 Financial instruments (continued)

### (e) Valuation of financial instruments carried at fair values

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in IFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instruments categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

2016				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Asset</b>				
Investment in listed equity securities classified as "asset held for sale"				
- Listed	-	69,977	-	69,977

2015				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
Investment in listed equity securities classified as "available-for-sale"				
- Listed	-	72,494	-	72,494

During the year there were no transfers between instruments in Level 1 and Level 2.

## **10 Financial instruments (continued)**

### **(f) Valuation of financial instruments carried at amortised costs**

All financial instruments are stated at fair value or amounts not materially different from their fair values as at 31 December 2016 and 2015.

### **(g) Estimates of fair values of financial instruments**

The fair value of investment in listed equity securities is determined by reference to their quoted market price at the balance sheet date.

## **11 Immediate and ultimate controlling party**

The immediate parent is Standard Chartered Bank (Hong Kong) Limited, a company registered in Hong Kong. The smallest group in which the results of the Company are consolidated is that headed by Standard Chartered Bank (Hong Kong) Limited. The ultimate controlling party is Standard Chartered PLC, a company registered in England and Wales. The results of the Company are consolidated by Standard Chartered PLC. The consolidated financial statements of this Company are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue London EC2V 5DD.

## **12 Asset held for sale**

The Company's investment in the listed equity securities has been presented as asset held for sale. The completion date of the transaction is expected to be within 12 months from the date of reclassification.

In accordance with IFRS 5, the carrying amount of the listed equity securities continues to be measured in accordance with IAS 39 for instrument classified as 'available-for-sale'.

## 12 Asset held for sale (continued)

Analysis of the result of asset held-for-sale is as follows:

	2016 \$'000
(a) Recognition in profit or loss of fair value of incremental stock dividend declared from the investment in listed equity securities (note)	312
(b) Recognition in other comprehensive income of the changes in fair value in an investment in listed equity securities	(2,829)

Note: During the year, the Company received a stock dividend declared by the investee company. In view of the fact that only certain but not all investors in the listed equity securities are granted with the stock dividend, this results in an incremental shareholding to the Company with no additional costs to the Company.

## 13 Non-adjusting event after the reporting period

Subsequent to the end of the reporting period, the Company disposed 626,343 shares of its investment in equity securities in July 2017 for a cash consideration equivalent to USD699,472, recognising a loss on disposal amounting to approximately USD14,000, offset by recycling of AFS gain from other comprehensive income into profit or loss amounting to approximately USD300,000. The investment balance has been reduced accordingly and the remaining 89,863,928 shares held continue to be classified as an asset held for sale.