FTL Capital Limited

(Formerly known as Ageas Capital (Asia) Limited)
(Incorporated in the British Virgin Islands
with limited liability)

Financial Statements
for the year ended 31 December 2016

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Independent auditor's report to the members of FTL Capital Limited (Formerly known as Ageas Capital (Asia) Limited)

(incorporated in the British Virgin Islands with limited liability)

Opinion

We have audited the financial statements of FTL Capital Limited (formerly known as Ageas Capital (Asia) Limited) ("the Company") set out on pages 6 to 23, which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report to the members of FTL Capital Limited (Formerly known as Ageas Capital (Asia) Limited) (continued)

(incorporated in the British Virgin Islands with limited liability)

Key audit matters (continued)

<table>
<tr><td colspan="2">Exposure to FTLife Insurance Company Limited</td></tr>
<tr><td colspan="2">Refer to notes 8 and 10 to the financial statements on page 19 - 21</td></tr>
<tr><td>Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The statement of financial position of the Company comprises two substantial balances, an interest-bearing loan due from the immediate holding company, FTLife Insurance Company Limited, and interest-bearing notes issued to independent third party investors.

The Company has no material assets other than the loan due from FTLife Insurance Company Limited. To meet its financial obligations the Company is dependent on the timely payment of interest income from and the loan due from FTLife Insurance Company Limited.

The risk of a financial loss to the Company would be significant if FTLife Insurance Company Limited were to fail to meet its contractual loan obligations.

We identified the exposure to FTLife Insurance Company Limited as a key audit matter because the ability of the Company to meet its financial obligations to third party investors in respect of its interest-bearing notes is dependent on FTLife Insurance Company Limited's ability to meet its contractual loan obligations to the Company.</td><td>Our audit procedures to assess the exposure to FTLife Insurance Company Limited included the following:

• inspecting the audited consolidated financial statements of FTLife Insurance Company Limited for the year ended 31 December 2016 to assess the ability of FTLife Insurance Company Limited to meet its contractual loan obligations;

• discussing recent developments in the financial position and cash flows of FTLife Insurance Company Limited with the auditor thereof; and

• evaluating news and information relating to FTLife Insurance Company Limited based on publicly available information.</td></tr>
</table>

Independent auditor's report to the members of FTL Capital Limited (Formerly known as Ageas Capital (Asia) Limited) (continued)

(incorporated in the British Virgin Islands with limited liability)

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Independent auditor's report to the members of FTL Capital Limited (Formerly known as Ageas Capital (Asia) Limited) (continued)

(incorporated in the British Virgin Islands with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report to the members of FTL Capital Limited (Formerly known as Ageas Capital (Asia) Limited) (continued)

(incorporated in the British Virgin Islands with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Arend Oldenziel.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
0 8 JUN 2017

Statement of comprehensive income for the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	Note	*2016* $	*2015* $
Interest income	3	83,156,060	82,824,320
Interest expense	4	(82,356,051)	(82,156,680)
Net interest income		800,009	667,640
Other operating expenses		(154,499)	(134,932)
Profit before tax	5	645,510	532,708
Tax	7	-	-
Profit and total comprehensive income for the year		645,510	532,708

The notes on pages 11 to 23 form part of these financial statements.

Statement of financial position at 31 December 2016

(Expressed in Hong Kong dollars)

	Note	*2016* $	*2015* $
Assets			
Amount due from an immediate holding company	8	1,928,847,079	1,924,881,983
Cash and cash equivalents	9	18,123	18,514
Total assets		1,928,865,202	1,924,900,497
Liabilities			
Interest-bearing notes	10	(1,936,393,197)	(1,933,083,047)
Accrued expenses		(200,530)	(191,485)
Total liabilities		(1,936,593,727)	(1,933,274,532)
NET LIABILITIES		(7,728,525)	(8,374,035)
EQUITY			
Issued capital	11	8	8
Accumulated losses		(7,728,533)	(8,374,043)
TOTAL SHAREHOLDER'S DEFICIT		(7,728,525)	(8,374,035)

The financial statements were approved and authorised for issue by the board of directors on 0 8 JUN 2017

) Directors

The notes on pages 11 to 23 form part of these financial statements.

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

(Expressed in Hong Kong dollars)

	Issued capital $	*Accumulated losses* $	*Total shareholder's deficit* $
At 1 January 2015	8	(8,906,751)	(8,906,743)
Profit and total comprehensive income for the year	-	532,708	532,708
At 31 December 2015 and 1 January 2016	8	(8,374,043)	(8,374,035)
Profit and total comprehensive income for the year	-	645,510	645,510
At 31 December 2016	8	(7,728,533)	(7,728,525)

The notes on pages 11 to 23 form part of these financial statements.

Cash flow statement for the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	Note	*2016* $	*2015* $
Cash flows from operating activities			
Profit for the year		645,510	532,708
Adjustments for:			
Interest income from an immediate holding company	3	(83,156,060)	(82,824,320)
Interest expense	4	82,356,051	82,156,680
		(154,499)	(134,932)
(Increase)/decrease in amount due from an immediate holding company		(801,861)	1,392,030
Increase in accrued expenses		9,045	2,945
Net cash (outflow)/inflow from operating activities		(947,315)	1,260,043
Cash flows from investing activities			
Interest received from an immediate holding company		79,992,825	79,949,934
Net cash inflow from investing activities		79,992,825	79,949,934

Cash flow statement
for the year ended 31 December 2016 (continued)
(Expressed in Hong Kong dollars)

	Note	*2016* $	*2015* $
Cash flows from financing activities			
Interest paid on interest-bearing notes		(79,045,901)	(81,210,790)
Net cash outflow from financing activities		(79,045,901)	(81,210,790)
Net decrease in cash and cash equivalents		(391)	(813)
Cash and cash equivalents at beginning of year		18,514	19,327
Cash and cash equivalents at end of year		18,123	18,514
Analysis of balances of cash and cash equivalents			
Cash and bank balances		18,123	18,514

The notes on pages 11 to 23 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Corporate information

The Company was incorporated in the British Virgin Islands as a company with limited liability under the International Business Companies Act on 5 November 2004.

The Company's principal activity is bond issuance.

The Company is a wholly-owned subsidiary of FTLife Insurance Company Limited (formerly known as Ageas Insurance Company (Asia) Limited) ("FTLife"), a company incorporated in Bermuda. In the opinion of the directors, as at the date of the issuance of financial statements, the Company's ultimate holding company is Tongchuang Jiuding Investment Holding Co. Ltd., a company incorporated in the People's Republic of China.

On 21 May 2016, ageas SA/NV ("Ageas") completed the sale of FTL Asia Holdings Limited (formerly known as Ageas Asia Holdings Limited) and its subsidiaries, which includes this Company, to Tongchuangjiuding Investment Management Group Co., Ltd ("JD Capital"). JD Capital is an asset management company incorporrated in the People's Republic of China.

2.1 Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Statements ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars which is also the Company's functional currency.

The financial statements have been prepared on the going concern concept, notwithstanding the Company's net liabilities as at 31 December 2016, as the Company's immediate holding company, FTLife, has confirmed that it will provide adequate financial support to the Company as is necessary to ensure its continuing operation for a period of at least 12 months from 31 December 2016.

As at 31 December 2016, the Company changed its statement financial position presentation from presenting current and non-current assets and liabilities as separate Classifications in its statement of financial position to presenting all assets and liabilities in order of liquidity. Management consider the change of presentation provides more relevant and reliable information. There is no impact on the Company's net liabilities position.

2.2 Impact of new interpretations and amendments to Hong Kong Financial Reporting Standards

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company. None of these developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2.3 Possible impact of issued but not yet effective interpretations and amendments to Hong Kong Financial Reporting Standards

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018

The Company is in the process of making an assessment or what the impact of these amendments and new standards is expected to be in the period of initial application. So far the company has identified some aspects of the new standards which may have a significant impact on the financial statements. Further details of the expected impacts are discussed below. As the Company has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards. The Company does not intend to early adopt any of these amendments or new standards.

2.3 Possible impact of issued but not yet effective interpretations and amendments to Hong Kong Financial Reporting Standards (continued)

HKFRS 9, *Financial instruments*

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Company's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets.

Based on a preliminary assessment, the Company expects that the new classification and measurement requirements will not have a material impact on its accounting for financial assets.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Company's financial assets. However, a more detailed analysis is required to determine the extent of the impact.

2.4 Summary of significant accounting policies

(a) Interest income

When it is probable that the economic benefits will flow to the Company and when the income can be measured reliably, interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.4 Summary of significant accounting policies (continued)

(b) Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

All regular way purchases and sales of financial assets are recognised on the trade date, that is the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(c) Impairment of financial assets

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the profit or loss. Loans and receivables together with any associated allowances are written off when there is no realistic prospect of future recovery.

2.4 Summary of significant accounting policies (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(d) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(e) Financial liabilities at amortised cost

Financial liabilities representing interest-bearing loans and accrued expenses are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case it is stated at cost.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(f) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

2.4 Summary of significant accounting policies (continued)

(g) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(h) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2.4 Summary of significant accounting policies (continued)

(j) Borrowing costs

Borrowing costs are recognised as expenses in the profit or loss in the period in which they are incurred.

(k) 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.

(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 Company 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); or
- (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 member 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 Company.

3 Interest income

	2016 $	*2015* $
Interest income from an immediate holding company	83,156,060	82,824,320

4 Interest expense

	2016 $	*2015* $
Interest on interest-bearing notes	82,356,051	82,156,680

5 Profit before tax

The Company's profit before tax is arrived at after charging:

	2016 $	*2015* $
Auditors' remuneration	115,000	106,000

The amount is solely for statutory audit services. No non-audit fee was paid to auditors during the year ended 2016 and 2015.

6 Directors' remuneration

No director received any remuneration in respect of their services rendered to the Company during the year (2015: $Nil).

7 Tax

Hong Kong profits tax has not been provided as the Company did not generate any assessable profits arising in Hong Kong for the year (2015: $Nil).

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	2016 $	%	*2015* $	%
Profit before tax	645,510		532,708	
Notional tax on profit before tax	106,509	16.5	87,897	16.5
Tax effect of utilisation of previously unrecognised tax losses	(106,509)	(16.5)	(87,897)	(16.5)
	-	-	-	-

The Company has accumulated tax losses arising in Hong Kong of $7,744,596 (2015: $8,390,106) that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

8 Amount due from an immediate holding company

On 26 April 2013, a loan of US$250,000,000 was issued to an immediate holding company and is unsecured, interest-bearing at 4.215% per annum and repayable on 25 April 2023. Interest is payable semi-annually in arrears on 25 April and 25 October in each year.

The loan of US$250,000,000 has a fair value of $1,902,304,792 as at 31 December 2016 (2015: $1,904,275,491) and is classified as level 2 financial instrument in the fair value hierarchy (2015: level 2). The fair value of the loan is determined based on its discounted cashflow with the credit risk of the issuer taken into consideration. Further details of fair value classification are discussed in note 10 to the financial statements.

Except for the above, the amounts due from an immediate holding company are unsecured, interest-free and are repayable on demand. Their carrying amounts approximate to their fair values.

9 Cash and cash equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates.

10 Interest-bearing notes

	2016 $	*2015* $
4.125% notes due 2023 (note)	1,936,393,197	1,933,083,047

Note: On 25 April 2013, the Company issued an aggregate principal amount of US$250 million (approximately $1,940 million) of guaranteed bonds with a coupon rate of 4.125% (the "Bonds II") due 25 April 2023 to independent third party investors, whereby the Company raised approximately $1,915,364,100 (US$246,790,284), net of expenses.

Interest on the Bonds II is repayable on 25 April and 25 October of each year, beginning on 25 October 2013. The Bonds II are fully and unconditionally guaranteed by an immediate holding company. The immediate holding company's guarantee is an unsecured and unsubordinated obligation which ranks equally with all of its other existing and future unsecured and unsubordinated obligations. As required by the insurance laws of Hong Kong and Bermuda, the immediate holding company's guarantee is effectively junior to the liabilities of its long term business, to the extent of the assets maintained by the immediate holding company in respect of its long term business. The Bonds II are listed on the Main Board of the Singapore Exchange Securities Trading Limited and under the provisions of Regulation S of the United States Securities Act.

The Bonds II will fully mature on 25 April 2023 and thus are not repayable within the next twelve months. The effective interest rate of the Bonds II is 4.29% per annum. The amortisation value of the Bonds II was $1,921,727,846 as at 31 December 2016 (2015: $1,918,425,450). The accrued interest charges of the bond II were $14,665,351 (2015: $14,657,597).

At 31 December 2016, the fair value of the Bonds II was $1,915,136,025 (2015: $1,907,108,945).

10 Interest-bearing notes (continued)

As defined in HKFRS 13, *Fair value measurement*, fair value is required to be categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market value are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

For the purpose of HKFRS 13, the fair value of Bonds II is determined based on recent price offered by third party in the market. As Bonds II is not actively traded in the market during 2016, the fair value of Bonds II is categorised as Level 2 as at 31 December 2016 (2015: Level 2).

During the years ended 31 December 2015 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

11 Share capital

	2016	*2015*
	$	$
Authorised:		
50,000 ordinary shares of US$1 each	390,000	390,000
Issued and fully paid:		
1 ordinary share of US$1 each	8	8

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

12 Related party transactions

(a) Details of the material transactions with a related party are as follows:

	2016 $	*2015* $
Interest income from an immediate holding company (note (i))	83,156,060	82,824,320

Notes:

(i) During the year, the Company received interest income from an immediate holding company. Interest is charged at 4.215% per annum on a loan of US$250,000,000 due from an immediate holding company.

(b) ***Compensation of key management personnel of the Company***

The Company's key management personnel are the directors, and as disclosed in note 6 above, they did not receive any remuneration from the Company for their services rendered during the year (2015: $Nil).

13 Financial risk management objectives and policies

The Company's principal financial instruments comprise loans to an immediate holding company, cash and cash equivalents, interest bearing notes and accrued expenses. The main purpose of these financial instruments is to raise finance for the operations of its immediate holding company.

The Company had not entered into any derivative transactions during the year. It is, and has been, throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company's credit risk is primarily attributable to the amount due from its immediate holding company, FTLife. Management considers the risk to be minimal as AICA will not default.

The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees policies for managing this risk and it is summarised below.

13 Financial risk management objectives and policies (continued)

(a) *Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its current obligations as they fall due. The Company considered that the liquidity risk is minimal as an immediate holding company has confirmed its intention to provide continuous financial support to the Company to meet its liabilities as and when they fall due.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted cash flows, was as follows:

Financial liabilities

	2016 Contractual undiscounted cash outflow					
	On demand	*Less than 3 months*	*3 to less than 12 months*	*Over 1 year*	*Total*	*Carrying amount*
	$	$	$	$	$	$
Interest-bearing notes	-	-	79,992,825	2,378,710,538	2,458,703,363	1,936,393,197
Accrued expenses	-	200,530	-	-	200,530	200,530
	-	200,530	79,992,825	2,378,710,538	2,458,903,893	1,936,593,727

	2015 Contractual undiscounted cash outflow					
	On demand	*Less than 3 months*	*3 to less than 12 months*	*Over 1 year*	*Total*	*Carrying amount*
	$	$	$	$	$	$
Interest-bearing notes	-	-	79,950,534	2,457,403,468	2,537,354,002	1,933,083,047
Accrued expenses	-	191,485	-	-	191,485	191,485
	-	191,485	79,950,534	2,457,403,468	2,537,545,487	1,933,274,532

(b) *Foreign currency risk*

The Company has exposure to foreign currency risk, which arise from the interest-bearing notes issued in United States dollars. The Company arranged unsecured interest-bearing loans with its immediate holding company, which are also denominated in United States dollars. In respect of the above arrangement, the management considers that the net exposure is kept to an acceptable level.

(c) *Capital management*

The primary objective of the Company's capital management is to ensure sufficient financial assets are maintained in order to meet its financial liabilities as and when they fall due, and to safeguard the Company's ability to continue as a going concern. The Company has a net deficit of $7,728,525 (2015: $8,374,035) as at the end of the reporting period and the Company's daily operation is supported by an immediate holding company, which has net assets attributable to shareholders of $10,912,253,000 (2015: $8,965,509,000) as at the end of the reporting period.

Additional disclosure - Unaudited

Additional disclosures in response to the requirements of Singapore Exchange Securities Trading Listing Manual are set out below.

Corporate Information

Registered office:

Craigmuir Chambers, P.O. Box 71, Road Town,
Tortola, British Virgin Islands

Registrar:

BNP Paribas Securities Services, Luxembourg Branch

Review of operating and financial performance

The Company had no subsidiaries during the year. The Company's primary purpose is to act as a financing subsidiary of its controlling shareholder, FTLife Insurance Company Limited ("FTLife") (formerly known as Ageas Insurance Company (Asia) Limited). It remained as a wholly owned subsidiary of FTLife during the year. The Company has not engaged, since its incorporation, in any material activities other than those incidental to the issue of US$250,000,000 4.125% notes due 2023.

It is the management's intention that the Company will not engage in active business in the foreseeable future.

The directors of the Company are Mr. YONG Lennard Peng-kuang and Mr. YANG Gerard Tak Ho. The secretary of the Company is Ms. LI Lisa Yee Man.

Additional disclosure - Unaudited (continued)

Review of operating and financial performance (continued)

YONG Lennard Peng kuang

Mr. Yong is a Director of the Company, and joined FTLife as Regional CEO in September 2016. He has also assumed the role of Chief Executive Officer of its Hong Kong businesses since November 2016. Mr. Yong was previously CEO of Hong Kong for global insurance conglomerates, such as ING Group and MetLife. His experience ranges across all aspects of life insurance, general insurance, pensions and asset management.

As an active participant in the Hong Kong financial services industry, Mr. Yong is an Insurance Committee member of the new Independent Insurance Authority (IIA), the Past Chairman of the HK Federation of Insurers - Life Insurance Council, a member of the Board of Governors of the American Chamber of Commerce (HK), a member of the FinTech Working Group of the Hong Kong General Chamber of Commerce (HKGCC), and a member of the Insurance Management Committee for the Hong Kong Management Association (HKMA).

His professional accreditations include membership in the Institute of Chartered Accountants (Australia) and CPA (Australia). He attended a Harvard Business School corporate program in 2015, IMD (Lausanne) corporate program in 2007. He has a Master of Commerce and a Bachelor of Business degree from two universities in Australia.

YANG Gerard Tak Ho

Mr. Yang is a Director of the Company, and joined FTLife in December 2016 as Chief Administration Officer to oversee Finance, Legal & Compliance, Distribution Service & Support and Corporate Services.

As a seasoned finance professional, Mr. Yang has more than 20 years of experience in the insurance industry. With experience in financial planning and control, he served in the Asia Regional Finance team from 2008 until 2013 managing operations in China, India, Korea, Australia, Hong Kong and Taiwan.

Mr. Yang holds a bachelor degree in economics. He is also a Certified Practicing Accountant.

LI Lisa Yee Man

Ms. Li is the Company Secretary of the Company. She was admitted as a solicitor of the High Court of Hong Kong Special Administrative Region since 2001 and registered to the Roll of Solicitors in the Courts of England and Wales since 2002. She is the Head of Legal and Compliance and Company Secretarial in FTLife.

Additional disclosure - Unaudited (continued)

Risk management

The risk management policies and processes of the Company are set out in note 13 to the financial statements.

Material contracts

The existing loan due from FTLife, at the end of the year and the repayment of loan by FTLife during the year were more particularly set out in note 8 and note 12 to the financial statements regarding "Amount due from an immediate holding company" and "Related party transactions" respectively.

Throughout the year, FTLife, the controlling shareholder of the Company, continued to provide the guarantee for the Company in relation to the 4.125% notes due 25 April 2023. Details are set out in note 10 to the financial statements regarding "Interest-bearing notes".

Save from the foregoing, no contracts of significance to which the Company was a party and in which the Chief Executive Officer, each director or controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in shares and debentures

At no time during the year was the Company a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company.

There was no change in directors' interests in shares in or debentures of the Company between the end of the financial year and 21 January 2016.

Opinion on Adequacy of the Company's Internal Controls

The board is of the opinion that the Company's internal controls are adequate to address financial, operational and compliance risks.

Additional disclosure - Unaudited (continued)

Shareholders' information as at 30 May 2017:

Ordinary shareholdings

Issued and paid-up capital	: US$1 ($8 equivalents)
Class of shares	: Ordinary shares
Voting rights	: One vote per share

The ordinary shares are held entirely by FTLife, the immediate holding company of the Company.

Interested person transactions

Save from the existing loan due from FTLife at the year end, repayment of loan during the year and the guarantee provided by FTLife as disclosed above under the heading of "Material contracts", there has been no interested person transaction happened during the financial year under review.