中國金洋集團有限公司

CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1282

繼往開來 勇攀高峰 共創美好明天

Creating an Wonderful future Today

Annual Report 2015 年報

如意結是中國結飾其中一種，寓意萬事如意、吉祥安康、互聯共融，是對未來生活和諧美好、包容、共享的希望象徵。

中國金洋致力於改善用戶的日常生活，為投資者帶來更佳回報。集團結合生物識別安全技術、自動化系統、節能照明設備、金融和科技投資等多元化業務，希望為用戶提供安全便捷的技術，使用戶將來能在舒適潔淨的環境下享受富泰生活。

The Ruyi knot is a Chinese decorative knot which symbolizes the fulfillment of one's wishes, auspiciousness and health, connection and interaction, as well as the hopes for a life of harmony, forgiveness and sharing in the future.

China Goldjoy is dedicated to improving the daily lives of its users and bringing investors better returns. The Group has combined diversified businesses including biometric identification security technologies, automated systems, energy saving lighting equipment, finance and investment in technology in its business portfolio. This has enabled the Group to provide safe and convenient technologies to its users, bringing them an abundant lifestyle in a comfortable and safe environment.

公司簡介

中國金洋集團有限公司(前稱世達科技(控股)有限公司)(「本公司」)於二零零九年七月十七日在開曼群島註冊成立為獲豁免有限公司。

本公司及其附屬公司(統稱「本集團」)主要從事生產一系列高科技產品；買賣自動化相關的設備及提供相關服務；證券投資；以及策略性投資及發展生物識別安全、無線數據傳輸及通訊相關技術。

目前，本集團正實施一系列策略性轉型措施，未來將在綜合金融服務、資產管理、新能源、新興產業等領域物色合適投資機會，鋭意開拓新業務、新市場，體現多元化發展策略。

本公司於二零一零年十二月十五日在香港聯合交易所有限公司主板上市(股份代號：1282)。

CORPORATE PROFILE

China Goldjoy Group Limited, formerly known as World Wide Touch Technology (Holdings) Limited, (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 17 July 2009.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in the development of a range of high-technology products; trading and providing services with respect to automation related equipment; securities investment; and strategic investment and development in technologies mainly relating to biometric security, high-speed wireless data transmission and communications.

The Group is currently implementing a series of strategic transformation measures and will identify appropriate investment opportunities in such areas as integrated financial services, asset management, new energy and emerging industries. The Group will also strive to expand into new industries and new markets and realize its diversified development strategy.

The Company was listed on the main board of The Stock Exchange of Hong Kong Limited on 15 December 2010 (Stock code: 1282).

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Yao Jianhui – *Chairman and Chief Executive Officer*
Mr. Feng Huiming
Mr. Li Minbin

Non-Executive Director
Mr. Huang Wei

Independent Non-Executive Directors
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung

AUDIT COMMITTEE

Mr. Wong Chun Bong – *Chairman*
Mr. Huang Wei
Professor Lee Kwok On, Matthew

NOMINATION COMMITTEE

Mr. Yao Jianhui – *Chairman*
Mr. Wong Chun Bong
Mr. Lee Kwan Hung

REMUNERATION COMMITTEE

Professor Lee Kwok On, Matthew – *Chairman*
Mr. Yao Jianhui
Mr. Wong Chun Bong

STRATEGIC COMMITTEE
(Formerly known as Strategic Intellectual Property and Technology Committee)

Mr. Yao Jianhui – *Chairman*
Mr. Feng Huiming
Mr. Li Minbin
Professor Lee Kwok On, Matthew

COMPANY SECRETARY

Ms. Kwok Ling Yee, Pearl Elizabeth

PRINCIPAL BANKERS

Bank of China Limited
China CITIC Bank International Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISER

As to Hong Kong Law:
Sidley Austin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2601–2, 26/F, Tower 2, Nina Tower
8 Yeung Uk Road, TWTL 353, Tsuen Wan
New Territories, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LISTING VENUE

Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE

1282

COMPANY WEBSITE

http://www.hk1282.com

Financial Highlights

FINANCIAL HIGHLIGHTS

	As of 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
FINANCIAL POSITION					
Total assets	**4,332,000**	877,279	1,772,950	1,739,130	1,622,879
Net assets	**4,150,005**	491,158	1,203,720	1,065,534	1,116,369
Net current assets	**3,825,245**	175,776	214,260	183,432	438,184
Net (cash)/debt	**(3,221,336)**	15,785	(20,270)	(2,866)	(269,426)
Current ratio	**25.3**	1.5	1.4	1.3	1.9
Quick ratio	**25.2**	1.2	1.1	1.0	1.5
Gearing ratio	**N/A**	3.9%	N/A	N/A	N/A

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
OPERATING RESULTS					
Revenue	**711,849**	741,056	1,036,662	1,200,435	1,164,122
Gross profit/(loss)	**264,936**	(250,784)	31,843	125,835	213,630
EBITDA	**244,927**	(481,946)	234,610	47,953	166,798
Profit/(loss) from operations	**209,911**	(564,091)	144,244	(48,939)	83,466
Profit/(loss) attributable to equity shareholders	**181,687**	(583,152)	128,666	(54,608)	71,102
KEY STATISTICS					
Gross profit/(loss) margin	**37%**	(34%)	3%	10%	18%
EBITDA margin	**34%**	(65%)	23%	4%	14%
Operating profit/(loss) margin	**29%**	(76%)	14%	(4%)	7%
Net profit/(loss) margin	**26%**	(79%)	12%	(5%)	6%
Return on equity	**4%**	(119%)	11%	N/A	6%
Interest coverage	**32.9**	N/A	16	N/A	8.1
Inventory turnover days	**72**	65	59	60	71
Debtors' turnover days	**96**	85	82	62	59
Creditors' turnover days	**54**	57	61	54	66

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of China Goldjoy Group Limited (the "Company"), I am pleased to present the results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015.

2015 has been a year of significance for the Group. The Group has raised approximately HK$3,350 million by issue of new shares during the year, by which we have introduced new strategic investors, bringing in new inspiration and business opportunities for our future development, as well as providing the Group with robust financial support. During the year, the Group has also changed its name to "China Goldjoy Group Limited", indicating our business is turning a new page and establishing new milestones.

In the past year, the global economy has been recovering in a slow pace with increasing market uncertainties, whilst Chinese economy has entered a "new normal" phase of development. With such background, the Group persisted in its strategy of steady growth and pursued excellence in the interests of its shareholders. We continued to give impetus proactively to our business transformation and discontinued our electronic manufacturing business with low margin and low added value, and our performance has shown significant improvement therewith. On the other hand, we have implemented a series of strategic investment plans in the year, with an aim of providing our shareholders and investors with investment opportunities with clearer objectives and greater growth potential. It would also help boosting the Group's financial returns and promoting long term business sustainability. With this two-pronged development strategy, the results of the Group for the year ended 31 December 2015 has exhibited a remarkable improvement. Audited net profit attributable to shareholders achieved a turnaround and amounted to HK$181.7 million. The Board recommends the payment of a final dividend of HK0.25 cents per ordinary share for the 2015 year.

As demand for secure internet communications keeps on growing in the mobile-driven era, the Group has been developing its biometric security technology actively in the past few years, and has successfully launched the world's first biometric fingerprint identity privacy protection platform, FingerQ. We have also established cooperation relationship with outstanding international and domestic technology companies, including strategically invested in BIO-key International, Inc. ("BIO-key"), a leading biometric fingerprint identification software and technology provider. In the year under review, we have further strengthened our strategic cooperation relationship by, on the one hand, the subscription of preferred shares issued by BIO-key, and granting BIO-key the right to use the software and documentation in respect of FingerQ, on the other hand, which has also contributed notable revenue to the Group.

To diversify our business scope and provide better returns to our shareholders, the Group has also been actively exploring potential investment opportunities in securities and financial markets, so as to leverage on our existing resources to maximize shareholders' returns, expand income streams and enhance the Group's financial position. In 2015, the Group has achieved an exceptional performance in financial investments. We have invested in certain companies by way of subscription of new shares and convertible bonds and such financial investments have contributed satisfactory investment gains to the Group.

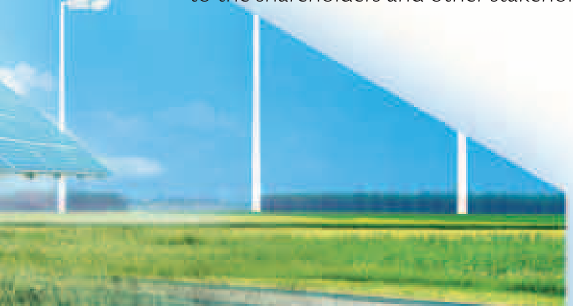
China is undergoing industrialization, urbanization and modernization, with its energy consumption keeps increasing, the development of renewable energy has been listed as one of its top priority tasks by the government. Under the direction of national plans, new energy industries in the PRC has demonstrated tremendous growth over the past few years. The management is highly optimistic about this sector, and we are proactively expanding into the new energy area to capture the market development trend.

In the year ahead, we will seize the market opportunities arising from the Chinese economy transformation, and be well prepared for investment opportunities in sectors of industrial upgrading, consumption upgrading and service upgrading, in order to gain momentum for the Group's future development. We will keep pace with the market trend, adhere to the principle of value investing, and continue to identify appropriate investment opportunities in such areas as integrated financial services, asset management, new energy and emerging industries. We will also strive to expand into new industries and new markets, and enhance our relationship with international and domestic strategic cooperation partners, with a view of providing investors satisfactory returns. The Group will continue to adhere to our principle of steady development, and positively cope with any challenges and capture suitable opportunities. We have full confidence in the future development prospects.

I would like to extend my heartfelt appreciation to my fellow board members, the management team and all staff members for their continued stewardship, dedication and outstanding contributions over the past year, and also to express my sincere gratitude to the shareholders and other stakeholders for their trust and support.

Yao Jianhui
Chairman

Hong Kong, 11 March 2016

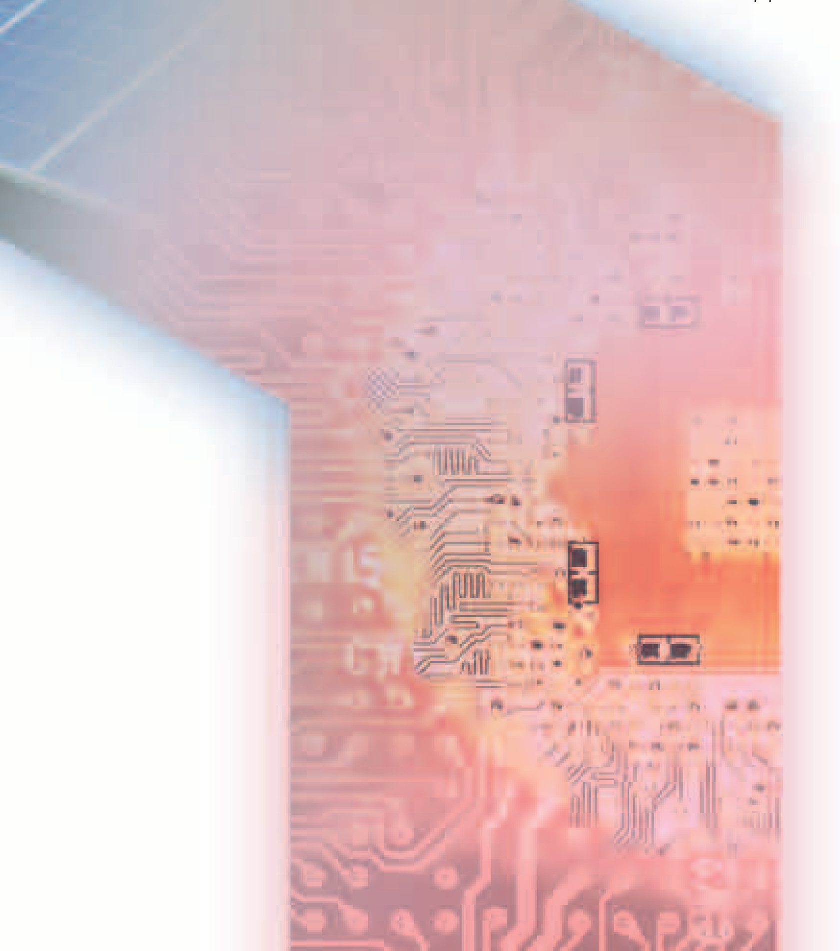


Management Discussion and Analysis

OVERVIEW

In 2015, the Group actively pushed ahead with its business transformation in becoming a high value-added and diversified company and continued to eliminate its low-margin and low value-added electronic manufacturing business in an effort to allocate the resources to business segments with greater growth potential. To better reflect the Group's current business operations, in the 2015 financial year, the management decided to change the former Life Energy segment, Life Security segment, Life Touch segment and Other segment to one operating segment, namely Manufacturing segment; while maintaining the existing Automation segment and adding a new Securities Investment segment.

Based on the new business segment classification, for the year ended 31 December 2015, Automation products remained the largest source of revenue for the Group and accounted for approximately 48.4% (2014: 54.6%) of the total revenue. As part of this transformation strategy, the percentage of revenue of Manufacturing business of the Group decreased to approximately 22.7% (2014: 45.4%), whereas the Securities Investment business commenced during the year accounted for approximately 28.9% (2014: N/A).



BUSINESS REVIEW

Automation

Due to fierce competition in the industry, coupled with the introduction of a new agent by one of the major suppliers in 2015, revenue from the Automation business decreased to approximately HK$344.5 million (2014: HK$404.4 million) during the year, accounting for approximately 48.4% (2014: 54.6%) of the Group's total revenue.

Manufacturing Business

Given the weak demand for electronic manufacturing services, the Group endeavoured to transform and strategically eliminated the low-margin and low value-added electronic manufacturing business in 2015. Accordingly, revenue from the manufacturing business decreased substantially to approximately HK$161.6 million (2014: HK$336.7 million) during the year, accounting for approximately 22.7% (2014: 45.4%) of the Group's total revenue.

Since the world's first biometric fingerprint privacy protection platform – FingerQ was successfully launched in 2013, the Group has continued to actively cooperate with the leading companies in the industry. During the year under review, the Group subscribed for 30,000 convertible preference shares issued by BIO-Key International, Inc. ("BIO-key") through the conclusion of a securities purchase agreement between an indirect wholly-owned subsidiary of the Group and BIO-key for a total consideration of US$3,000,000 (or at a price of US$100.0 per preference share), payable in cash which has been recorded under Securities Investment Segment. Capitalizing on BIO-key's expertise and industry experience, the Group is expected to further explore and develop the FingerQ technology, thereby expanding the level of application and creating a win-win situation. The Group has received US$12.0 million from BIO-key for the license of certain software, documentation and other intellectual property in relation to FingerQ. Such fee has been recorded under "Other Income – Net" in the Group's statements.

The Group will continue with its transformation strategy, continuing to eliminate the low-margin and low-value-added electronic manufacturing business while focusing on co-operating with the best technology companies in developing the biometric security technologies.

Securities Investment

Aiming at broadening the sources of income and offering a better return to its shareholders, during the year, the Group included securities investment in its main business and achieved satisfactory returns, recording revenue of approximately HK$205.7 million (2014: Nil). The Group will continue to carefully identify potential investment opportunities in the securities and financial markets to maximize shareholders' return, broaden its sources of income and improve the Group's financial position.

TECHNOLOGY INVESTMENT AND PARTNERSHIP

To enhance the level of technology and to develop partnerships with various top-notch technology companies, the Group invests in a number of industry-leading technology companies specializing in biometric security, wireless data transmission and communication technologies which may be divided into two major categories, listed and unlisted companies.

Listed Companies

The Group invests in and holds shares in the following listed companies: (1) BIO-key (a U.S. public company that is listed and traded on the OTCQB, primarily engaging in advanced biometric solutions); (2) IDEX ASA (a Norwegian public company listed on the Oslo Axess market of the Oslo Stock Exchange, primarily engaging in the development of fingerprint imaging, recognition and authentication technology); and (3) Link Mobility Group (a provider of mobile solutions and mobile services in the Nordic and Baltic countries that is listed on the Oslo Axess market of the Oslo Stock Exchange).

Unlisted Companies

The Group invests in and holds shares in the following unlisted companies: 1) Keyssa Inc. (a U.S. privately-held company whose principal business is developing wireless technology for data transfer); 2) Kili Corporation ("Kili", a private technology company primarily engaging in authentication in civilian markets and secure payment software technology); and 3) Powermat Technologies Ltd. ("Powermat", a U.S. privately-held company providing wireless power solutions for consumers, OEM and public venues).

During the year under review, in light of Powermat's poor business performance, the Group decided to make provision for impairment of its equity interests in Powermat.

In March 2015, the majority of Kili's assets was transferred to a handset payment and retail technology company Square, Inc. ("Square") in consideration of Square issuing to Kili, shares in Square. Subsequent to such transfer, Kili has been carrying on as a holding company which largest remaining assets is its interest in Square. Thereafter, Square was listed on the New York Stock Exchange in November 2015 and therefore the Group also indirectly holds shares of Square through Kili.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2015 amounted to approximately HK$711.8 million (2014: HK$741.1 million), analysed by the following segments:

	2015		2014		
	HK$' million		HK$' million (Restated)		% change (Restated)
Automation	**344.5**	**48.4%**	404.4	54.6 %	(14.8)%
Manufacturing	**161.6**	**22.7%**	336.7	45.4 %	(52.0)%
Securities Investment	**205.7**	**28.9%**	–	–	N/A
	711.8	**100%**	741.1	100.0%	(4.0)%

During the year under review, the Group's revenue dropped by approximately 4% from approximately HK$741.1 million in 2014 to approximately HK$711.8 million. Such decline was mainly attributable to the drop in revenue in the Automation and the Manufacturing segments, and offset by the increase in revenue in the Securities Investment segment, a newly adopted segment during the year.

Gross Profit and Margin

Gross profit for the year ended 31 December 2015 amounted to approximately HK$264.9 million as compared with a gross loss of approximately HK$250.8 million in 2014. The profit is mainly due to the increase in gain in the Group's investment in listed securities and the absence of any impairment loss on the fixed assets of the Group. For the same reason, the gross profit margin for the year ended 31 December 2015 was approximately 37.2% as compared to a gross loss margin of approximately 33.8% for the corresponding period in 2014.

Other Loss – Net

The net other loss for the year ended 31 December 2015 amounted to approximately HK$8.4 million as compared with net other gain of approximately HK$5.4 million in 2014. The net other loss is mainly due to the impairment on available-for-sale financial assets and goodwill of approximately HK$18.7 million offset by the gain on disposal of available-for-sale financial assets of approximately HK$10.3 million.

Other Income – Net

The net other income of the Group increased by approximately HK$76.9 million as compared with the corresponding period in 2014 mainly due to increase in net license fee income by approximately HK$78.2 million.

Distribution Costs

Distribution costs for the period amounted to approximately HK$22.3 million, accounting for approximately 3.1% of the total revenue. This represented a decrease of approximately 18.5% when compared to the corresponding period in 2014. The decrease was mainly caused by the reduction in data storage fee for FingerQ and PrivacQ.

Administrative Expenses

During the year under review, administrative expenses decreased to approximately HK$106.1 million from approximately HK$296.2 million, mainly due to the absence of any impairment loss on property, plant and equipment, and a decrease in depreciation.

Finance Income – Net

Net finance income was approximately HK$1.7 million, as compared to net finance cost of approximately HK$1.5 million during the corresponding period in 2014. The change was primarily resulted from more interest income from deposits.

Income Tax Expense

Income tax expense increased by approximately 227.0% to approximately HK$25.1 million as compared to an income tax expense of approximately HK$7.7 million during the corresponding period in 2014. The change was mainly due to the increase in taxable profits.

Profit for the Year

Profit for the year was approximately HK$181.7 million, as compared to a loss of approximately HK$583.2 million during the corresponding period in 2014. The profit was mainly due to (i) a gain in the Group's investment in listed securities of approximately HK$205.7 million; (ii) the absence of any impairment loss on fixed assets of the Group; (iii) a material decrease in depreciation due to the impairment losses made on the carrying amounts of certain assets of the Group such as machinery; (iv) a drop in the share of loss and impairment provision for associated companies; (v) a decrease in administrative expenses of the Group in addition to the decrease in depreciation as mentioned in (iii) above; (vi) income recorded on the license of certain software, documentation and other intellectual property in relation to FingerQ, and (vii) offset by the impairment losses of available-for-sale financial assets and goodwill for not more than HK$20 million.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Debt Structure

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As of 31 December 2015, the Group's cash and cash equivalents totalled approximately HK$3,251.6 million (2014: HK$239.8 million). Working capital represented by net current assets amounted to approximately HK$3,825.2 million (2014: HK$175.8 million). The Group's current ratio was approximately 25.3 (2014: 1.5).

Bank borrowings included trust receipt loans amounting to approximately HK$9.3 million (2014: HK$97.5 million) and bank loans amounting to approximately HK$38.0 million (2014: HK$158.1 million) and were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As of 31 December 2015, the Group was in a net cash position of approximately HK$3,221.3 million (2014: net cash deficit position of HK$15.8 million), representing the bank balances and cash exceeded total debts at the end of the reporting period.

Capital Commitments

As of 31 December 2015, the Group did not have any contracted but not provided for capital commitments (2014: Nil).

Currency Exposure and Management

During the year, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars. The Group's payments were mainly made in US dollars, Hong Kong dollars and Renminbi.

In respect of Renminbi, as the Group's production plant is located in China, most of the labor costs and manufacturing overheads are denominated in Renminbi. Therefore, the appreciation of Renminbi will adversely affect the Group's profitability. The Group will closely monitor the development of Renminbi and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the year under review, the Group has not entered into any foreign exchange forward contracts due to the depreciation of Renminbi.

Future plans for capital investments and expected source of funding

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and, to a certain extent, by bank loans. The Group has sufficient funding resources and unutilised banking facilities to meet its capital expenditure and working capital requirements.

EMPLOYEES

As of 31 December 2015, the Group had approximately 500 (2014: 700) full-time employees mainly in Hong Kong and China. The Group recognises the importance of human resources to its success. Qualified and experienced personnel are recruited with remuneration maintained at competitive levels.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company was listed on the main board of the Stock Exchange on 15 December 2010 and the proceeds raised by the placing and public offering, net of listing expenses, were approximately HK$642.0 million. During the period from the listing date to 31 December 2015, the net proceeds were utilised as follows:

		HK$' million
1	Purchase of equipment for the production of capacitive touch screen products and upgrading production capacity	175.8
2	Research and development costs on company products	138.1
3	Acquisitions of new technology or cooperation	83.5
4	Acquisitions for vertical integration	57.8
5	Construction of additional production plants	57.8
6	General working capital purpose	64.2
Total net proceeds utilised		577.2

The balance of the net proceeds was deposited with the banks in the People's Republic of China and Hong Kong and will be used for the intended uses as set out in the prospectus of the Company dated 2 December 2010.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN AUGUST 2015

On 9 May 2015, the Company entered into a subscription agreement with, among others, eight investors pursuant to which the investors agreed to subscribe for 18,611,994,100 new shares ("Share Subscription"). The Share Subscription was completed on 3 August 2015. The net proceeds from the Share Subscription were approximately HK$3,346.2 million and had been utilised as follows:

	HK$' million
1. Strengthen and expand the existing business of the Group	23.3
2. Exploration of business opportunities in the energy-saving lighting industry in the PRC	–
3. Completion of the potential acquisition of the Optoelectronic Enterprise, including (i) land acquisition, (ii) construction of new plants or acquisition of existing plants, and (iii) purchase of machinery and equipment	–
4. Acquisition of the equity interest of a domestic financial enterprise for diversification, business extension and capture business opportunities	–
5. General working capital of the Company	135.9
Total net proceed utilised	159.2

The balance of the net proceeds was deposited with the banks in the People's Republic of China and Hong Kong and will be used for the intended uses as set out in the Circular of the Company dated 29 June 2015.

BUSINESS OUTLOOK

Looking ahead, developing high-value-added and diversified business will remain the focus of the Group's strategy. In the past few years, the Group successfully eliminated the low-margin and low-value-added electronic manufacturing business which has greatly improved business performance. Adhering to the strategy for steady development, the Group will actively promote business transformation based on the interests of shareholders.

To put the above strategy into practice, on 26 February 2016, the Group announced its plan to sell the production plant of the electronic manufacturing business to a third party in order to enhance its operational efficiency.

In addition, in January this year, the Group announced the acquisition of a Shenzhen enterprise with the goal of saving effort to develop the new energy industry and the light-emitting diode manufacturing business as well as engaging in R&D relating to such businesses. The enterprise owns approximately 120,000 square meters of land in the core district of Shenzhen's Guangming New Area. Currently, about 100,000 square meters of properties have been built and the remaining undeveloped land is reserved for development and construction purposes until the local government's planning is determined. Management is highly positive toward the prospects of the light-emitting diode manufacturing business and expects these investments will bring significant benefits to the Group's long-term development.

As for automated production equipment, to further meet customer needs and improve business, Gallant Tech plans to expand its product lines to peripheral auxiliary equipment, aside from the existing SMT assembly and testing equipment and semiconductor packaging equipment. Besides, Gallant Tech is expected to strengthen its after-sale and maintenance services to consolidate customer base and broaden sources of income and accordingly reinforce its competitiveness in the industry. The Group is optimistic toward the long-term development of the automation business.

Going forward, the Group will continue to actively develop biometric technology and promote the development of new energy. The Group will also keep abreast of market trends and leverage on its competitive advantages in actively seeking suitable investment opportunities in areas such as integrated financial services, asset management and emerging industries, hence bringing good returns for shareholders.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are discussed in this section. There may be other risks and uncertainties in addition to those shown below, which are not known to the Group or which may not be material now but which could become material in the future. Furthermore, risks can never be eliminated completely due to inherent limitations in measures taken to address them. Also, risks may be accepted for strategic reasons or if it is deemed not cost-effective to mitigate them.

Operational Risk

Operational risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems. Responsibility for managing operational risks in the Group rests with every function at both divisional and departmental levels.

Key functions in the Group are guided by standard operating procedures, limits of authority and a reporting framework. The Group will identify and assess key operational exposures and report such risk issues to senior management as early as possible so that appropriate risk responses can be taken.

Industry Risk

The Automation and Manufacturing businesses of the Group operate in highly competitive industry sectors. The Group faces competition from global technology companies and rapid technological change, which may render technologies developed and employed by the Group obsolete. As such, the Group's products may not be able to compete effectively with those of its rivals, adversely affecting its ability to maintain its market share. Failure to maintain the Group's competitive position may materially adversely affect the results and profit margins of these business segments.

The securities investment business of the Group is affected by market conditions and fluctuations in the prices of the securities held by the Group. Any significant downturn in the securities market may affect the mark to market value of the Group's securities investments and may adversely affect the results of the Group,

Financial Risk

In the course of its business activities, the Group is exposed to various financial risks, including market, liquidity and credit risks. The currency environment and interest rates cycles may significantly affect the Group's financial condition and results of operations.

The Group's earnings and capital or its ability to meet its business objectives may be adversely affected by movements in foreign exchange rates, interest rates and equity prices. In particular, any depreciation in the Group's functional currency may affect its gross profit margin. The Group closely monitors the relative foreign exchange positions of its assets and liabilities and allocates its holdings of different currencies accordingly in order to minimise foreign currency risk.

The Group may also be subject to liquidity risk if it is unable to obtain adequate funding to finance its operations. In managing liquidity risk, the Group monitors its cash flows and maintains an adequate level of cash and credit facilities to enable it to finance its operations and reduce the effects of fluctuations in cash flows.

The Group is also subject to exposure to credit risk from its customers. New customers are subject to credit evaluation while the Group continues to monitor its existing customers, especially those with repayment issues. Cash is deposited with creditworthy banks with no recent history of default.

Manpower and Retention Risk

The competition for human resources in the countries that the Group operates in may result in the Group not being able to attract and retain key personnel with the skills, experience and levels of competence which meet its requirements. The Group will continue to provide remuneration packages and incentive plans which enable it to attract, retain and motivate suitable candidates and personnel.

Business Risk

The Group constantly faces the challenge of gauging and responding promptly to market changes within the industry sectors it operates in. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Directors and Key Personnels

EXECUTIVE DIRECTORS

Mr. Yao Jianhui (姚建輝), aged 44, is the Group's Chairman and Chief Executive Officer and was appointed as an Executive Director of the Company on 3 August 2015. He is also the Chairman of the Nomination Committee and Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee) of the Company, and a member of the Remuneration Committee. He graduated from South China University of Technology, the People's Republic of China (the "PRC") with a postgraduate (part-time) diploma in business administration. Mr. Yao has held senior management positions with a number of enterprises and a listed company across a wide range of industries, including food, construction materials, real estate, commerce, agriculture and forestry, logistics, technology and finance. From April 1995 to February 2002, he served as the general manager of 深圳市鉅華投資發展有限公司 (now known as 萊華商置有限公司) (Shenzhen Juhua Investment and Development Co., Ltd*, now known as Laihua Commercial Property Co., Ltd*), a company principally engaged in the production of agricultural products, construction materials and real estate business. From March 2002 to March 2003, Mr. Yao acted as the executive vice president of 深圳市寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business. From March 2003 to July 2010, he was the executive deputy general manager, general manager and chairman of the board of directors of Shenzhen Shum Yip Logistics Group Holdings Co., Ltd. (深圳深業物流集團股份有限公司), a company principally engaged in the provision of logistics services, product exhibition and trading and micro-lending. From July 2010 to October 2014, Mr. Yao acted as the general manager and chairman of the board of directors of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (stock code: 600892), a company listed on Shanghai Stock Exchange and is principally engaged in the manufacturing of cables, hotel and trading business. From June 2006, he has been the chairman of the board of directors of Baoneng Holding (China) Co., Ltd. (寶能控股（中國）有限公司), a company principally engaged in property development. Mr. Yao has experience in technological and manufacturing industry, including managing a cable manufacturer which provides products to high-speed trains.

From December 2015, Mr. Yao has been a director of BIO-key International, Inc., a US public company that is listed and traded on the OTCQB, which is principally engaged in the development and delivery of advanced fingerprint biometric identification solutions to commercial and government enterprises, integrators, and application developers.

Mr. Yao is a representative of the Sixth Shenzhen Municipal People's Congress, vice president of Shenzhen Entrepreneur Association, vice president of Shenzhen Logistics and Supply Chain Management Association and vice president of Shenzhen Luohu Charity Federation.

Save as disclosed above, Mr. Yao has not been a director of any listed companies in the past three years.

Mr. Feng Huiming (馮輝明), aged 45, is the Group's senior vice president and was appointed as an Executive Director of the Company on 11 March 2016. He is also a member of the Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee). Mr. Feng graduated with a Bachelor's Degree in Economic Management from the Northeast Forestry University. He also obtained a Master's Degree in Economics from the Zhongnan University of Economics and Law. Mr. Feng has started his career in investment, finance and management since 1996, and has almost 20 years' experience in the investment and financing industry.

During 2003 to 2004, Mr. Feng served as the Manager of the investment department and Chief Financial Officer at Kaisa Property (Shenzhen) Co., Ltd., which is the core holding company and management headquarter of Kaisa Group Holdings Limited (stock code: 1638). During 2004 to 2005, Mr. Feng acted as the General Manager in Suzhou Fuyin Investment Development Co., Ltd. (蘇州市富銀投資發展有限公司). During 2005 to 2012, Mr. Feng was the Deputy General Manager of Shenzhen Fantasia Investment Limited (深圳市花樣投資有限公司), and the Vice President and Executive Director of Fantasia Holdings Group Co., Limited (stock code: 1777) respectively. During 2012, Mr. Feng served as the Group Vice President in Kaisa Group Holdings Limited (stock code: 1638). During 2013 to 2014, Mr. Feng acted as the Vice President in Shenzhen Municipal Baoneng Investment Group Company Limited. During 2014 to 2015, Mr. Feng was the Assistant President of Henderson (China) Investment Company Limited.

Save as disclosed above, Mr. Feng has not been a director of any listed companies in the past three years nor held any other position with the Company and/or any of its subsidiaries.

Mr. Li Minbin (李敏斌), aged 35, is the Group's vice president and was appointed as a Non- Executive Director of the Company on 3 August 2015 and further re-designated as an Executive Director on 27 November 2015. He is also a member of the Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee). He obtained a bachelor's degree in business administration and currently studying EMBA course at the Chinese University of Hong Kong.

Mr. Li has over 10 years of experience in operation and management of logistics, real estate, commercial and financial industries. From July 2004 to July 2010, he served as the assistant to manager of the department of investment of Shenzhen Shum Yip Logistics Group Holdings Co., Ltd. (深圳深業物流集團股份有限公司). From December 2007 to October 2008, he served as the manager of the department of securities of 深圳市寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business, responsible for investment research and securities management businesses. From July 2010 to March 2014, he served as the supervisor, assistant to general manager and representative of securities affair, and from March 2014 to now, as director and secretary to the board of directors of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (stock code: 600892), a company listed on Shanghai Stock Exchange and is principally engaged in investment, assets management, cultural and trading business.

Save as disclosed above, Mr. Li has not been a director of any listed companies in the past three years.

NON-EXECUTIVE DIRECTOR

Huang Wei (黃煒), aged 41, was appointed as an Executive Director of the Company on 3 August 2015 and further re-designated as a Non-Executive Director on 27 November 2015. He obtained a master's degree in economics and graduated from Hunan University, the PRC. Mr. Huang has over 18 years of experience in investment and finance. From August 2002 to November 2004, he served as the vice manager of the department of personal housing loan; from November 2004 to September 2008, as the vice general manager of the corporate financing management centre, from September 2008 to February 2012, as the general manager of the department of corporate banking and from January 2013 to December 2013, as the general manager of the department of institutional banking of Shenzhen branch, Industrial and Commercial Bank of China. Since December 2013, he has served as the senior vice president of 深圳寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business.

Save as disclosed above, Mr. Huang has not been a director of any listed companies in the past three years nor held any other position with the Company and/or any of its subsidiaries.

* for identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chun Bong (王振邦), aged 57, was appointed as an Independent Non-Executive Director of the Company on 28 November 2009. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services, which the Company believes will enhance in the overall financial control and management of the Group. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學). Mr. Wong is currently the managing partner of a firm of certified public accountants in Hong Kong. He was appointed as the Member of both the Council and Court of The Hong Kong Polytechnic University in December 2015. He is the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong. Mr Wong is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, respectively. He is also an associate of the Institute of Chartered Accountants in England and Wales. Mr. Wong was an independent non-executive director of QPL International Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 0243) between 14 April 2000 to 23 September 2013.

Save as disclosed above, Mr. Wong has not been a director of any listed companies in the past three years nor held any other position with the Company and/or any of its subsidiaries.

Professor Lee Kwok On, Matthew (李國安), aged 55, PhD, was appointed as an Independent Non-Executive Director of the Company on 28 November 2009. He is the Vice-President (Development & External Relations) and Chair professor of Information Systems & E-Commerce at the City University of Hong Kong. Professor Lee is an independent non-executive director of Computer and Technologies Holdings Limited (科聯系統集團有限公司), a company listed on the main board of the Stock Exchange (stock code: 0046). Professor Lee holds a first-class honours bachelor's degree in electronic engineering and a MBA degree in business studies from the University of Sheffield, a MSc degree in computation from the University of Oxford, a PhD degree in computer science from the University of Manchester, a LLB degree and a LLM degree in commercial & corporate law from the University of London. He has been a chartered engineer of the UK Engineering Council since October 1995 through his membership as a professional member of the British Computer Society since May 1995. Professor Lee was also admitted as a barrister-at-law in Hong Kong in 2002.

Save as disclosed above, Professor Lee has not been a director of any listed companies in the past three years nor held any other position with the Company and/or any of its subsidiaries.

Mr. Lee Kwan Hung (李均雄), aged 50, was appointed as an Independent Non – Executive Director of the Company on 27 November 2015. He received his Bachelor of Laws (Honors) and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was admitted as a solicitor in Hong Kong in 1991 and in England and Wales in 1997. From December 1992 to April 1994, Mr. Lee worked in the Listing Division of the Hong Kong Stock Exchange, where he successively served as a manager and a senior manager, and was a partner of Woo, Kwan, Lee & Lo from April 2001 to February 2011. Mr. Lee is currently a consultant at Howse Williams Bowers. He serves as an independent non-executive director of several companies listed on the Hong Kong Stock Exchange, including Embry Holdings Limited (安莉芳控股有限公司) (Stock Code: 1388) since November 2006, NetDragon Websoft Inc. (網龍網絡有限公司) (Stock Code: 777) since June 2008, Asia Cassava Resources Holdings Limited (亞洲木薯資源控股有限公司) (Stock Code: 841) since January 2009, Futong Technology Development Holdings Limited (富通科技發展控股有限公司) (Stock Code: 465) since November 2009, Newton Resources Ltd. (新礦資源有限公司) (Stock Code: 1231) since December 2010, Walker Group Holdings Limited (盈進集團控股有限公司) (Stock Code: 1386) since February 2011, Tenfu (Cayman) Holdings Company Limited (天福(開曼)控股有限公司) (Stock Code: 6868) since August 2011, China BlueChemical Ltd. (中海石油化學股份有限公司) (Stock Code: 3983) since June 2012, Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司) (Stock Code: 106) since July 2013, Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (Stock Code: 1528) since February 2015, FSE Engineering Holdings Limited (豐盛機電控股有限公司) (Stock Code: 331) since November 2015 and Ten Pao Group Holdings Limited (天寶集團控股有限公司) (Stock Code:1979) since November 2015.

In the previous three years, Mr. Lee was also an independent non-executive director of Yuexiu REIT Asset Management Limited (越秀房託資產管理有限公司), the manager of Yuexiu Real Estate Investment Trust (越秀房地產投資信託基金) (Stock Code: 405) from November 2005 to October 2014; and Far East Holdings International Limited (遠東控股國際有限公司) (Stock Code: 36) from March 2012 to November 2014.

Save as disclosed above, Mr. Lee has not been a director of any listed companies in the past three years nor held any other position with the Company and/or any of its subsidiaries.

KEY PERSONNELS

Mr. Wong Kwok Fong (王國芳), aged 53, is the Group's co-founder. He was an Executive Director from 17 July 2009 to 3 August 2015. He is now the Company's Chief Technology Officer. Since the establishment of the Group's business in 1997, Mr. Wong has played a significant part in the substantial growth of business of the Group. Mr. Wong has over 15 years of senior management experience in manufacturing, supply chain and marketing functions in electronics and technology industries from the Group. He was responsible for setting up the Group's manufacturing plants in Hong Kong and China. Mr. Wong has established the Group's extensive network in the electronics and technology industry.

Mr. Wong is a standing committee member of the 9th Session of the Chinese People's Political Consultative Conference, Heshan. He is also an Honorary Citizen of Jiangmen City. Mr. Wong obtained a higher certificate in Accountancy from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學), in October 1992.

Ms. Kwok Ling Yee, Pearl Elizabeth (郭凌而), aged 47, is the Group's Chief Financial Officer and Company Secretary. She joined the Group in November 2010. Ms. Kwok is responsible for financial management and implementation of corporate governance practices of the Group. Ms. Kwok has over 25 years of experience in accounting and auditing. She is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Ms. Kwok graduated with a bachelor's degree of Business from Queensland University of Technology, Australia

Mr. Kam Yun Kwong, Dick (甘潤光), aged 51, is the founder of Gallant Tech Limited which was established in 2006. Mr. Kam joined the Group in January 2012. Mr. Kam is currently head of Gallant Tech Limited and is responsible for driving the business of the Group's Automation platform. Mr. Kam has over 22 years' experience in equipment distribution business and has developed very strong business network in China with sound knowledge in surface mount technology ("SMT") lines and engineering process. He was the General Manager in American Tec Co Ltd. (which is a subsidiary of North Asia Strategic Holdings Ltd. listed in Hong Kong GEM board, stock code: 8080) before the setup of his own business.

Mr. Kam obtained a Higher Certificate in Electronic Engineer from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學). He was granted an IMBA degree from Victoria University of Wellington, New Zealand.

Report of the Directors

The Board is pleased to present this annual report together with the audited consolidated financial statements of China Goldjoy Group Limited and its subsidiaries for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in Note 9 to the consolidated financial statements.

A review of the business of the Group during the year under review and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2015 are provided in the section headed "Chairman's Statement" on pages 4 to 5 and the section headed "Management Discussion and Analysis" on pages 6 to 14 of this annual report.

A analysis of the Group's performance during the year ended 31 December 2015 using financial performance indicators is provided in the section headed "Management Discussion and Analysis" on pages 6 to 14 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 43 to 120.

The Board recommends the payment of a final dividend of HK0.25 cents per ordinary share for the year ended 31 December 2015 (2014: Nil) to shareholders whose names appear on the register of members of the Company on Wednesday, 11 May 2016. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on Tuesday, 3 May 2016, the said final dividend will be paid in cash on or around Tuesday, 31 May 2016. Details of dividend for the year ended 31 December 2015 are set out in Note 30 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 28 April 2016 to Tuesday, 3 May 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 April 2016.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 9 May 2016 to Wednesday, 11 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 6 May 2016.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the past five financial years, as extracted from the consolidated financial statement, and restated as appropriate, is set out on the inside front cover. This summary does not form part of the consolidated financial statements.

DONATIONS

During the year ended 31 December 2015, the Group made external donations of approximately HK$100,000 (2014: HK$100,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 9 May 2015, the Company, Mr. Wong Kwok Fong and Ms. Ching Pui Yi entered into a subscription agreement with eight investors pursuant to which the investors agreed to subscribe for 18,611,994,100 new shares at an aggregate consideration of HK$3,350,158,938. The share subscription was completed on 3 August 2015. Save for such share subscription, neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 35 and Note 19 respectively, to the consolidated financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) ("Companies Law") of the Cayman Islands, amounted to approximately HK$1,729.3 million (2014: HK$609.7 million), of which HK0.25 cents dividend (2014: Nil) has been proposed for the year. Under the Companies Law, the share premium account of the Company of approximately HK$2,054.2 million as of 31 December 2015 (2014: HK$565.5 million) is distributable to the shareholders of the Company provided that immediately following the date on which the dividend, if any, is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year 23.3% (2014: 31.7%) of the Group's revenue and 84.2% (2014: 71.1%) of the Group's purchases, were attributable to the Group's five largest customers and five largest suppliers, respectively; and 6.4% (2014: 8.0%) of the Group's revenue and 34.7% (2014: 24.8%) of the Group's purchases were attributable to the Group's largest customer and supplier, respectively.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors
Mr. Yao Jianhui *(Chairman) (appointed on 3 August 2015)*
Mr. Li Minbin *(appointed on 27 November 2015)*
Mr. Huang Wei *(appointed on 3 August 2015, further re-designated as a Non-Executive Director on 27 November 2015)*
Mr. Zhang Bowen *(appointed on 3 August 2015 and resigned on 27 November 2015)*
Mr. Wong Kwok Fong *(Chairman) (resigned on 3 August 2015)*
Ms. Ching Pui Yi *(resigned on 3 August 2015)*
Mr. Tan Hui Kiat *(resigned on 3 August 2015)*

Non-Executive Directors
Mr. Huang Wei *(appointed on 27 November 2015)*
Mr. Li Minbin *(appointed on 3 August 2015, further re-designated as an Executive Director on 27 November 2015)*

Independent Non-Executive Directors
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung *(appointed on 27 November 2015)*
Mr. Chan Wei *(resigned on 27 November 2015)*

Subsequent to year end, Mr. Feng Huiming was appointed as an Executive Director on 11 March 2016.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers all the Independent Non-Executive Directors to be independent.

DIRECTORS' BIOGRAPHIES

The biographical details of the current Directors of the Company are set out on pages 15 to 18 of the annual report and can be found on the Company's website.

DIRECTORS' SERVICE CONTRACTS

All of the executive Directors and non-executive Director had respectively entered into a service contracts with the Company. Details of the service contracts include: (1) a term of directorship for three years with effect from the date of appointment, reappointment or re-election; and (2) the contracts shall be terminated according to the terms of each contract.

Each of independent non-executive Directors had signed a letter of appointment with the Company. Details of the letter of appointments mainly include: (1) a term of directorship for three years with effect from the date of appointment, reappointment or re-election; and (2) the letter of appointment shall be terminated according to the terms of each letter of appointment.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Notes 36 and 26, respectively to the consolidated financial statements.

The remuneration of the Directors is determined with reference to the Directors' duties, responsibilities and performance and the Group's results.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2015, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yao Jianhui *(Note)*	Interest in controlled corporation	10,771,835,600	49.99%
	Beneficial owner	10,771,835,600	49.99%

Note:

Mr. Yao Jianhui holds 100% of Tinmark Development Limited, which is the beneficial owner of 10,771,835,600 shares in the Company.

Save as disclosed above, as of 31 December 2015, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as defined in the section headed "Share Option Scheme" below), at no time during the year ended 31 December 2015 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the year ended 31 December 2015.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in or sustain or about the execution of the duties of their office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2015, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Tinmark Development Limited	Beneficial owner	10,771,835,600	49.99%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	19.58%
Taiping Assets Management (HK) Company Limited (Note 1)	Investment Manager	4,219,560,000	19.58%

Note 1: Taiping Assets Management (HK) Company Limited as the investment manager of these shares is also deemed to be interested in such Shares.

Save as disclosed above, as of 31 December 2015, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2015, the Group employed approximately 500 (2014: 700) full-time staff principally in Hong Kong and China.

The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonuses are awarded to staff based on the financial performance of the Group and performance of individual staff.

In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme (as detailed in the paragraph headed "Share Option Scheme" below).

RETIREMENT SCHEMES

The Group participates in several defined contribution retirement plans which cover the Group's eligible employees in China, and a mandatory provident fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in Note 26 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme"), which was adopted pursuant to a resolution in writing passed by the shareholders of the Company on 24 November 2010, for the purpose of providing incentive or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company and to enable the Group to recruit and retain employees of high calibre. The Scheme became effective on 24 November 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Eligible participants of the Scheme include the following:

(i) Full-time or part-time employees; and

(ii) Full-time or part-time executive directors and independent non-executive directors of any member of the Group.

As of the date of this report, the total number of shares of the Company available for issue under the Scheme is 275,980,000, representing approximately 1.28% of the issued share capital of the Company as of the date of this report.

The total number of shares issued and which may fall to be issued upon exercise of the options granted and to be granted under the Scheme (including exercised, cancelled and outstanding options) to each eligible person, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such eligible persons and his associates abstaining from voting and other requirements prescribed under the Listing Rules from time to time.

Any grant of options to a Director, chief executive or to a substantial shareholder of the Company or any of their respective associates is required to be approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder of an Independent Non-Executive Director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

(i) representing in aggregate over 0.1% of the shares in issue on the date of the offer;

(ii) having an aggregate value in excess of HK$5 million, based on the closing price of the Company's shares at the date of such grant,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favour at such meeting and other requirements prescribed under the Listing Rules from time to time.

The offer of a grant of share options may be accepted by the date specified in the offer letter, upon payment of a nominal consideration of HK$1 by the grantee.

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option.

Upon acceptance, the date of grant of any particular option is deemed to be the date of the Board resolution approving the grant in accordance with the Scheme. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination in accordance with the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Scheme by the shareholders.

Details of the share options outstanding as at 31 December 2015 which have been granted under the scheme are as follows:

	Number of options (in thousands)						
	Held at 1 January 2015	Granted during the year	Expired during the year	Exercised during the year	Held at 31 December 2015	Exercise price per share HK$	Exercisable period
Executive directors							
Wong Kwok Fong (resigned on 3 August 2015)	2,920	–	–	(2,920)	–	0.420	17 June 2013 to 16 June 2023
Ching Pui Yi (resigned on 3 August 2015)	2,000	–	–	(2,000)	–	0.420	17 June 2013 to 16 June 2023
Tan Hui Kiat (resigned on 3 August 2015)	800	–	–	(800)	–	0.420	17 June 2013 to 16 June 2023
Total for directors	5,720	–	–	(5,720)	–		
Employees	6,300	–	(500) (Note)	(3,800)	2,000	0.420	17 June 2013 to 16 June 2023
Total	12,020	–	(500)	(9,520)	2,000		

Note:
On 1 February 2015, 500,000 options granted lapsed in accordance with the terms of the scheme.

Save as disclosed above, no share options of the Company were granted, exercised, cancelled or lapsed during the year.

At 16 June 2013, the date before the options were granted, the market value per share was HK$0.395. The value of the options granted to the respective parties is as follows:

	HK$'000
Wong Kwok Fong	540
Ching Pui Yi	370
Tan Hui Kiat	148
Employees	1,166
	2,224

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Each of the Group's Executive Directors and Independent Non-Executive Directors has confirmed that none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained a sufficient public float as required under the Listing Rules as of the date of this annual report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established on 28 November 2009 with written terms of reference set out in the CG Code. The principal duties of the audit committee includes the review of the Group's financial reporting matters, risk management and internal control procedures.

At present, the Audit Committee comprises one non-executive Director, namely Mr. Huang Wei and two Independent Non-Executive Directors, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew, of which Mr. Wong Chun Bong is the chairman.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the audited financial statements of the Group for the year ended 31 December 2015. The consolidated financial statements for the year ended 31 December 2015 have been audited by the Company's independent auditor, PricewaterhouseCoopers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Protection

Environmental protection is a key focus for the Group. The conscientious use of resources and adoption of related best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection by promoting awareness of the issue amongst its employees. It also complies with relevant environmental legislation.

An ever-improving management system, enhanced monitoring of activies and procedures, energy saving and environmental protection are strongly promoted.

Compliance with Laws and Regulations

The Group has established procedures in place to ensure that its operations comply with applicable laws, rules and regulations. The Board of Directors is responsible to monitor the Group's policies and practices for achieving compliance with legal and other regulatory requirements, and such policies and practices are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operating units whenever necessary.

As far as the Company is aware, the Group has complied in all material respects with laws and regulations that have a significant impact on the Group's business and operations.

Workplace Quality

The Group is an equal opportunity employer and does not discriminate on the basis of any personal characteristics. It has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behaviour, and employees' rights and benefits. The Group also establishes and implements policies that promote a harmonious and respectful workplace.

The Group believes that employees are the most valuable assets of an enterprise and regards human resources as its corporate wealth. The Group provides on-the-job training and development opportunities to enhance its employees' career progression. Through different types of training, staff's knowledge of corporate operations as well as their occupational and management skills are enhanced. The Group also organises staff-friendly activities for employees, such as outings, to promote staff relationships and physical fitness.

Health and Safety

The Group prides itself on providing a safe, effective and congenial work environment and it values the health and well-being of its staff. Adequate arrangements, training and guidelines have been implemented to ensure its working environment is healthy and safe. The Group provides communications on health and safety matters and other programmes to employees in order to raise their awareness of such issues and enhance their related behavior.

Training and Development

The Group is committed to the professional and personal development and growth of all employees and considers training and development a critical continuous process. Many on the-job and other training courses and programmes are provided to help employees maintain and develop their skills and professionalism. Structured training programmes including seminars are offered to staff with the objective of grooming and unleashing their full potential, supporting, organisational development and facilitating team synergies. Employees are encouraged to take advantage of these programmes in order to equip themselves with the skills and knowledge for expanded career opportunities within the Group.

Commitment to Quality

The Group has made relentless efforts in producing and delivering premium products and highly tailored services. Looking forward to 2016, the Company will continue with its research and innovation to enrich the Group's products. The Company will also ensure the quality and safety of its products and place customers' needs at its priority in order to maintain its competitive advantage and to increase shareholders' value further.

Management of Supply Chain

The Group adheres to open, fair and transparent criteria in selecting suppliers and service providers, and has established a supplier evaluation system in which vendors' price, quality, cost, delivery and after-sales service are assessed. The Group will carry out long-term monitoring of suppliers' quality and conduct regular reviews of all suppliers as well as casual examinations of different suppliers to ensure the sustainable quality of material supplies and services it receives.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events occurring after the end of the reporting period are set out in Note 37 to the consolidated financial statements.

CORPORATE GOVERNANCE

Details of the corporate governance of the Group are set out in the section headed "Corporate Governance Report" in this annual report.

AUDITOR

PricewaterhouseCoopers, the independent auditor of the Company, will retire and, being eligible, offer itself for reappointment at the forthcoming annual general meeting. A resolution to re-appoint it as independent auditor of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
YAO Jianhui
Chairman

Hong Kong, 11 March 2016

Corporate Governance Report

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk management and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board under its terms of reference as formally adopted on 2 November 2015, including but not limited to the development and review of the Company's policies and practices on corporate governance and to ensure their compliance with legal and regulatory requirements, and to review and monitor the training and continuous professional development of the Directors and senior members of the Company.

In line with the best corporate governance practice, the Company has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee). The Board and all subordinate committees evaluate and monitor their respective effectiveness on a regular basis in accordance with their terms of reference.

The Company believes that its commitment to high standard practices will translate into long-term value and ultimately making returns to shareholders. The Company's management pledges to building longer- term interests for shareholders via, for example, conducting business in a socially responsible and professional manner.

The Board procedures are in compliance with the articles of association (the "Articles") of the Company as well as relevant rules and regulations. For the year ended 31 December 2015, the Articles have significant changes which are attributable to the increase of authorised share capital in July 2015 and the change of the Company name in October 2015.

CORPORATE GOVERNANCE PRACTICES

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A2.1. Mr. Yao Jianhui ("Mr. Yao") currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. Mr. Yao has extensive experience in a wide range of industries, including food, construction materials, real estate, commerce, agricultural and foresty, logistics, technology and finance. The Board believes that by holding both roles, Mr. Yao will be able to provide the Group with strong and consistent leadership and more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company's present management structure comprises sufficient number of Independent Non-Executive Directors, and thus the Board believes that a balance of power and authority has been and will be maintained.

THE BOARD

The Board provides leadership and guidance to the Group's activities, overseeing the Group's businesses, strategic decisions and financial performances. The Board has delegated its powers to the management for the Group's daily management and operations.

MEETING ATTENDANCE

The attendance of individual members of the Board at Board meetings, meetings of the Board Committees and general meetings during the year ended 31 December 2015, as well as the number of such meetings held, are set out as follows:

Meetings attended/held Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee)	General Meeting
Executive Directors						
Mr. Yao Jianhui (Note 1)	4/4		1/1	2/2		1/1
Mr. Li Minbin (Note 2)	4/4					1/1
Mr. Zhang Bowen (Note 3)	1/3					0/1
Mr. Wong Kwok Fong (Note 4)	5/5		1/1	1/1	1/1	2/2
Ms. Ching Pui Yi (Note 5)	5/5					2/2
Mr. Tan Hui Kiat (Note 6)	5/5				1/1	2/2
Non-Executive Director						
Mr. Huang Wei (Note 7)	3/4	1/1				0/1
Independent Non-Executive Directors						
Mr. Wong Chun Bong	9/9	5/5	2/2	3/3		3/3
Professor Lee Kwok On, Matthew	8/9	5/5		1/1	1/1	1/3
Mr. Lee Kwan Hung (Note 8)	1/1					
Mr. Chan Wai (Note 9)	6/8	3/4	1/2	1/2		2/3

Note 1: Mr. Yao Jianhui has been appointed as an Executive Director, the Chief Executive Officer of the Company, the Chairman of the Board and the Chairman of the Nomination Committee and Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee), a member of the Remuneration Committee of the Board of the Company with effect from 3 August 2015; 4 Board meetings, 1 Nomination Committee meeting, 2 Remuneration Committee meetings and 1 General meeting were held from 3 August to 31 December 2015 after his appointment.

Note 2: Mr. Li Minbin was appointed as a Non-Executive Director on 3 August 2015 and further re-designated as an Executive Director and appointed as a member of the Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee) of the Company on 27 November 2015. 4 Board meetings and 1 General meeting were held after his appointment.

Note 3: Mr. Zhang Bowen has been appointed as an Executive Director and a member of the Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee) with effect from 3 August 2015 and resigned on 27 November 2015. 3 Board meetings and 1 General meeting were held from 3 August to 27 November 2015.

Note 4: Mr. Wong Kwok Fong has resigned as an Executive Director, the Chief Executive Officer of the Company, the chairman of the Board, the chairman of each of the Nomination Committee and Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee) and a member of the Remuneration Committee of the Board with effect from 3 August 2015. 5 Board meetings, 1 Nomination Committee meeting, 1 Remuneration Committee meeting, 1 Strategic Committee meeting and 2 General meetings were held before his resignation.

Note 5: Ms. Ching Pui Yi resigned as an Executive Director on 3 August 2015. 5 Board meetings and 2 General meetings were held before her resignation.

Note 6: Mr. Tan Hui Kiat has resigned as an Executive Director and a member of Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee) with effect from 3 August 2015. 5 Board meetings, 1 Strategic Committee meeting and 2 General meetings were held before his resignation.

Note 7: Mr. Huang Wei has been appointed as an Executive Director with effect from 3 August 2015 and has been re-designated as a Non-Executive Director and appointed as a member of the Audit Committee of the Company with effect from 27 November 2015. 4 Board meetings, 1 Audit committee meeting and 1 General meeting were held after his appointment. 4 Board meetings and 1 General meeting were held after his appointment.

Note 8: Mr. Lee Kwan Hung has been appointed as an Independent Non-Executive Director, a member of the Nomination Committee of the Company with effect from 27 November 2015. 1 Board meeting was held after his appointment.

Note 9: Mr. Chan Wai has resigned as an Independent Non-Executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company with effect from 27 November 2015. 8 Board meetings, 4 Audit Committee meetings, 2 Nomination Committee meetings, 2 Remuneration Committee meetings and 3 General meetings were held before his resignation.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Yao Jianhui is the Chairman and the Chief Executive Officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development. The CG Code recommends that the role of the Chairman and that of the Chief Executive Officer should be separated and should not be performed by the same individual. The Company deviates from this provision of the CG Code with Mr. Yao Jianhui being the Chairman and the Chief Executive Officer of the Company concurrently. The Board considers this arrangement appropriate as it allows for efficient discharge of the executive functions of the Chief Executive Officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals including three Independent Non-Executive Directors offering independent advice from different perspectives. In addition, all major decisions are made after consultation with the Board and appropriate Board Committees, as well as key personnel. The Board is therefore of the view that there are adequate balance and safeguards in place.

BOARD COMMITTEE

The Board has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Strategic Committee (Formerly known as Strategic Intellectual Property and Technology Committee) with clearly defined written terms of reference. Each committee reports back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Audit Committee

The Company established an Audit Committee on 28 November 2009, with written terms of reference consistent with those set out in the CG Code.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting matters, risk management and internal control procedures. The Audit Committee comprises one non-executive director of the Company, namely Mr. Huang Wei and two independent non-executive directors of the Company, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2015. During the year, the Audit Committee has duly discharged the above duties.

Nomination Committee
The Company established a Nomination Committee on 28 November 2009, with written terms of reference consistent with those set out in the CG Code.

The principal duties of the Nomination Committee include considering and recommending to the Board on the appointment of all the Directors. The Nomination Committee comprises three members, namely Mr. Yao Jianhui, Mr. Wong Chun Bong and Mr. Lee Kwan Hung, of which Mr. Yao Jianhui is the chairman. During the year, the Nomination Committee has duly discharged the above duties.

Remuneration Committee
The Company established a Remuneration Committee on 28 November 2009, with written terms of reference consistent with those set out in the CG Code.

The principal duties of the Remuneration Committee include determining and reviewing the remuneration packages of all the Directors and senior management of the Company. The senior management of the Company comprises only the Executive Directors of the Company. The Remuneration Committee comprises three members, namely Professor Lee Kwok On, Mathew, Mr. Yao Jianhui and Mr. Wong Chun Bong, of which Professor Lee Kwok On, Matthew is the chairman. During the year, the Remuneration Committee has duly discharged the above duties.

Strategic Committee
The Company established a Strategic Committee on 28 November 2009 (Formerly known as Strategic Intellectual Property and Technology Committee, with effect from 24 August 2015). The principal duties of the Strategic Committee include considering and recommending to the Board on the Group's business strategies and investment opportunities. The Strategic Committee comprises three members, namely Mr. Yao Jianhui, Mr. Li Minbin and Professor Lee Kwok On, Matthew, of which Mr. Yao Jianhui is the chairman. During the year, the Strategic Committee has duly discharged the above duties.

BOARD DIVERSITY POLICY

During the year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board.

TRAINING AND SUPPORT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or alternative Director would receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provided briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and key personnel, where appropriate, to ensure awareness of best corporate governance practices.

During the year ended 31 December 2015, the Directors also participated in the following trainings:

Directors	Types of training
Executive Directors	
Mr. Yao Jianhui (appointed on 3 August 2015)	A,B
Mr. Li Minbin (appointed as a Non-Executive Director on 3 August 2015, further re-designated as an Executive Director on 27 November 2015)	A,B
Mr. Zhang Bowen (appointed on 3 August 2015 and resigned on 27 November 2015)	A,B
Mr. Wong Kwok Fong (resigned on 3 August 2015)	A,B
Ms. Ching Pui Yi (resigned on 3 August 2015)	A,B
Mr. Tan Hui Kiat (resigned on 3 August 2015)	A,B
Non-Executive Director	
Mr. Huang Wei (appointed as an Executive Director on 3 August 2015, further re-designated as a Non-Executive Director on 27 November 2015)	A,B
Independent Non-Executive Directors	
Mr. Wong Chun Bong	A,B
Professor Lee Kwok On, Matthew	A,B
Mr. Lee Kwan Hung (appointed on 27 November 2015)	A,B
Mr. Chan Wei (resigned on 27 November 2015)	A,B

A: *attending seminars and/or conferences and/or forums*

B: *reading newspapers, journals and updates relating to the economy, latest changes and development of the Listing Rules, corporate governance practices, and etc.*

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the year ended 31 December 2015, they have complied with the provisions of the Model Code.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the Independent Non-Executive Directors has signed a letter of appointment with the Company, with a term of directorship for 3 years with effect from the date of appointment, reappointment or re-election. Upon the expiry of the aforesaid term of 3 years, the appointments shall be subject to the approval by the Board of the Company. The term of appointment shall be terminable by either the Independent Non-Executive Director or the Company by giving the other party not less than 3 months' prior notice in writing.

DIRECTORS' REMUNERATION

During the year ended 31 December 2015, the Remuneration Committee determined the remuneration packages of the Executive Directors of the Company.

During the year ended 31 December 2015, the Directors' remuneration is as follows:

	2015 HK$'000	2014 HK$'000
Fees	**2,109**	1,886
Other emoluments:		
Salaries, allowances and benefits in kind	**1,671**	3,442
Bonus	**93**	–
Pension scheme contributions	**17**	17
	3,890	5,345

(a) Independent Non-Executive Directors

The fees paid to Independent Non-Executive Directors during the year ended 31 December 2015 were as follows:

	2015 HK$'000	2014 HK$'000
Mr. Wong Chun Bong	**288**	288
Professor Lee Kwok On, Matthew	**216**	216
Mr. Lee Kwan Hung (appointed on 27 November 2015)	**23**	–
Mr. Chan Wai (resigned on 27 November 2015)	**228**	252
	755	756

(b) Executive Directors

The remunerations paid to Executive Directors during the year ended 31 December 2015 were as follows:

Year 2015	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Share-based compensation HK$'000	Pension Scheme HK$'000	Total Remuneration HK$'000
Mr. Yao Jianhui	**177**	**456**	**93**	**–**	**6**	**732**
Mr. Li Minbin (appointed on 27 November 2015)	**36**	**–**	**–**	**–**	**–**	**36**
Mr. Huang Wei (appointed on 3 August 2015, further re-designed as an Non-executive Director on 27 November 2015)	**122**	**–**	**–**	**–**	**–**	**122**
Mr. Zhang Bowen (appointed on 3 August 2015 and resigned on 27 November 2015)	**122**	**–**	**–**	**–**	**–**	**122**
Mr. Wong Kwok Fong (resigned on 3 August 2015)	**424**	**587**	**–**	**–**	**–**	**1,011**
Ms. Ching Pui Yi (resigned on 3 August 2015)	**282**	**364**	**–**	**–**	**11**	**657**
Mr. Tan Hui Kiat (resigned on 3 August 2015)	**88**	**264**	**–**	**–**	**–**	**352**

Year 2014	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Share-based compensation HK$'000	Pension Scheme HK$'000	Total Remuneration HK$'000
Mr. Wong Kwok Fong	500	2,221	–	–	–	2,721
Ms. Ching Pui Yi	480	690	–	–	17	1,187
Mr. Tan Hui Kiat	150	531	–	–	–	681

(c) Non-executive Directors

The remunerations paid to Non-executive Directors during the year ended 31 December 2015 were as follows:

Year 2015	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Share-based compensation HK$'000	Pension Scheme HK$'000	Total Remuneration HK$'000
Mr. Huang Wei (appointed on 27 November 2015)	23	–	–	–	–	23
Mr. Li Minbin (appointed on 3 August 2015, further re-designed as an Executive Director on 27 November 2015)	80	–	–	–	–	80

No Non-executive Director was appointed during the year ended 31 December 2014.

INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining an adequate and effective system of internal control of the Group to safeguard the shareholders' investments and the Group's assets.

The Group's internal control system includes a management structure with defined lines of responsibility and limits of authority. It aims to provide reasonable, but not absolute, assurance that assets are safeguarded against misappropriations, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The system is designed to identify, evaluate and manage risks effectively rather than to eliminate all risks of failure.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system, including the financial, operational, compliance controls and risk management functions of the Group, the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function. No material deficiencies have been identified. The management will deal with the areas for improvement which come to the attention of the Board and the Audit Committee. The Board is committed to improving the Group's internal control system on a going-concern basis.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of financial statements of each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standards, made judgement and estimates that were appropriate, and prepared the financial statements on a going-concern basis.

The Group has announced its annual results in a timely manner within the limits of three months after the end of the relevant period, as laid down in the Listing Rules.

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, approximately HK$1,750,000 was incurred as remuneration to PricewaterhouseCoopers for the provision of audit services and approximately HK$42,000 was paid to local C.P.A. audit firms for the provision of audit services of the subsidiaries of the Company incorporated in China. During the year, the following amounts were paid as remuneration to PricewaterhouseCoopers for the provision of the following non-audit related services to the Group.

	HK$'000
Taxation	**910**
Others	**–**
Total	**910**

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for director's and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group.

COMMUNICATION WITH SHAREHOLDERS

In December 2014, the Board established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.

The Group has established and maintains different communication channels with its shareholders. Annual reports and other corporate communications are published on the websites of the Company and the Stock Exchange. General meetings and investor meetings were held either face-to-face or via telephone conference. The Group reports to the shareholders twice a year and maintains a regular dialogue with investors.

Shareholders are provided with contact details of the Company, such as email address and postal address, in order to enable them to make any queries that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Tricor Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend. The website of the Company has also set out details on how shareholders can convene an extraordinary meeting, and the procedures for shareholders to put forward proposals at shareholders' meeting.

The annual general meeting provides a useful forum for shareholders to exchange their views with the Board.

SHAREHOLDER'S RIGHTS

(i) Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM")

The Board shall, on the requisition in writing by the shareholder(s) to the Secretary of the Company of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, forthwith proceed to convene an EGM in accordance with the Memorandum and Articles of Association of the Company.

If within twenty-one days of such deposit the Board fails to proceed to convene the EGM, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves do so but any meeting so convened shall not be held after the expiration of three months from the said date.

(ii) Procedures for Putting Forward Proposals at General Meeting ("GM")

Shareholders can submit a written requisition to move a resolution at GM. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the GM.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the GM. It must also be signed by all of the shareholders concerned and be deposited at Suites 2601–2, 26/F, Tower 2, Nina Tower, 8 Yeung Uk Road, TWTL 353, Tsuen Wan, New Territories, Hong Kong for the attention of "the Company Secretary" not less than six weeks before the GM in case of a requisition requiring notice of a resolution and not less than one week before the GM in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses giving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

If the requisition is verified to be not in order or the requisitionists have failed to deposit sufficient money to meet the Company's expenses for the said purpose, the requisitionists will be advised of the result and accordingly, no action will be taken by the Company in that regard.

(iii) Shareholders' Enquiries

Shareholders may make enquiries or direct concerns to the Board in writing by addressing for the attention of "the Company Secretary" by mail at Suites 2601–2, 26/F, Tower 2, Nina Tower, 8 Yeung Uk Road, TWTL 353, Tsuen Wan, New Territories, Hong Kong.

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015.

The auditor of the Company acknowledges its reporting responsibilities in the auditor's report on the consolidated financial statements for the year ended 31 December 2015.

The Directors present their report and the consolidated financial statements of the Company for the year ended 31 December 2015.

On behalf of the Board

Yao Jianhui
Chairman

Hong Kong, 11 March 2016

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF CHINA GOLDJOY GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Goldjoy Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 43 to 120, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 March 2016

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,051**	81,547
Land use right	7	**–**	4,690
Intangible assets	8	**49,263**	75,373
Investments in associates	10	**7,771**	12,595
Available-for-sale financial assets	11	**287,129**	187,262
Deferred income tax assets	21	**–**	5,992
Trade receivables	13	**3,946**	1,763
Prepayments and other receivables	14	**–**	6,017
		349,160	375,239
Current assets			
Inventories	12	**16,030**	107,091
Trade receivables	13	**109,513**	134,073
Prepayments, deposits and other receivables	14	**6,435**	17,238
Amount due from a related party	33(e)	**–**	2,684
Current income tax recoverables		**2,271**	–
Financial assets at fair value through profit or loss	15	**343,905**	1,162
Cash and cash equivalents	16	**3,251,561**	239,792
		3,729,715	502,040
Assets classified as held-for-sale	18	**253,125**	–
		3,982,840	502,040
Total assets		**4,332,000**	877,279

Consolidated Statement of Financial Position (continued)

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	17	**2,154,860**	292,708
Share premium	17	**2,054,151**	565,489
Other reserves and accumulated deficits	19	**(59,006)**	(367,039)
		4,150,005	491,158
LIABILITIES			
Non-current liabilities			
Bank borrowings	20	**12,500**	58,333
Deferred income tax liabilities	21	**11,900**	1,524
		24,400	59,857
Current liabilities			
Trade and bill payables	22	**45,043**	69,584
Accruals and other payables	23	**25,513**	51,577
Bank borrowings	20	**17,725**	197,244
Current income tax liabilities		**8,759**	7,859
		97,040	326,264
Liabilities classified as held-for-sale	18	**60,555**	–
		157,595	326,264
Total liabilities		**181,995**	386,121
Total equity and liabilities		**4,332,000**	877,279

The consolidated financial statements were approved by the Board of Directors on 11 March 2016 and were signed on its behalf.

Yao Jianhui
Chairman

Li Minbin
Director

The notes on pages 48 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5	**711,849**	741,056
Cost of sales	25	**(446,913)**	(991,840)
Gross profit/(loss)		**264,936**	(250,784)
Other (loss)/gain — net	24	**(8,398)**	5,387
Other income — net	24	**81,810**	4,958
Distribution costs	25	**(22,339)**	(27,409)
Administrative expenses	25	**(106,098)**	(296,243)
Operating profit/(loss)		**209,911**	(564,091)
Finance income/(costs) — net	27	**1,732**	(1,470)
Share of loss of associates	10	**(624)**	(3,786)
Impairment provision for associates	10	**(4,200)**	(6,119)
Profit/(loss) before income tax		**206,819**	(575,466)
Income tax expense	28	**(25,132)**	(7,686)
Profit/(loss) for the year		**181,687**	(583,152)
Profit/(loss) attributable to:			
Owners of the Company		**181,687**	(583,152)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Fair value gain/(loss) on available-for-sale financial assets		**142,519**	(117,293)
Currency translation differences		**(14,411)**	(409)
Other comprehensive income/(loss) for the year		**128,108**	(117,702)
Total comprehensive income/(loss) for the year attributable to equity holders of the Company		**309,795**	(700,854)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	29	**2.36**	(19.92)
— diluted (expressed in Hong Kong cents per share)	29	**2.36**	(19.92)

The notes on pages 48 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Statutory reserve HK$'000	Available for-sale financial HK$'000	Exchange reserve HK$'000	Retained earnings/ (accumulated deficit) HK$'000	Total HK$'000
For the year ended 31 December 2014										
At 1 January 2014	292,708	565,489	(215,150)	12,411	2,224	33,545	29,078	22	483,393	1,203,720
Loss for the year	–	–	–	–	–	–	–	–	(583,152)	(583,152)
Other comprehensive income:										
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	(117,293)	–	–	(117,293)
Currency translation differences	–	–	–	–	–	–	–	(409)	–	(409)
Total other comprehensive loss	–	–	–	–	–	–	(117,293)	(409)	–	(117,702)
Total comprehensive loss	–	–	–	–	–	–	(117,293)	(409)	(583,152)	(700,854)
Payment of 2013 final dividend	–	–	–	–	–	–	–	–	(11,708)	(11,708)
Transfer to statutory reserve	–	–	–	–	–	442	–	–	(442)	–
Dividends	–	–	–	–	–	–	–	–	–	–
At 31 December 2014	292,708	565,489	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(111,909)	491,158
For the year ended 31 December 2015										
At 1 January 2015	**292,708**	**565,489**	**(215,150)**	**12,411**	**2,224**	**33,987**	**(88,215)**	**(387)**	**(111,909)**	**491,158**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**181,687**	**181,687**
Other comprehensive income:										
Fair value gain on available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**142,519**	**-**	**-**	**142,519**
Currency translation differences	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,411)**	**-**	**(14,411)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**142,519**	**(14,411)**	**-**	**128,108**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**142,519**	**(14,411)**	**181,687**	**309,795**
Proceeds form shares issued (Note 17)	**1,862,152**	**1,488,662**	**-**	**-**	**(1,762)**	**-**	**-**	**-**	**-**	**3,349,052**
Expiry of share option	**-**	**-**	**-**	**-**	**(92)**	**-**	**-**	**-**	**92**	**-**
At 31 December 2015	**2,154,860**	**2,054,151**	**(215,150)**	**12,411**	**370**	**33,987**	**54,304**	**(14,798)**	**69,870**	**4,150,005**

The notes on pages 48 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Cash flows from operating activities			
Cash used in operations	31	**(45,238)**	(49,704)
Interest paid		**(6,410)**	(5,253)
Hong Kong profits tax paid		**(5,135)**	–
China enterprise income tax paid		**(1,078)**	(3,033)
Net cash used in operating activities		**(57,861)**	(57,990)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,758)**	(12,319)
Additions of intangible assets		**(4,588)**	(12,072)
Purchase of available-for-sale financial assets		**–**	(122,280)
Proceed received on disposal of property, plant and equipment and intangible assets	31	**87**	20
Proceed received on disposal of available-for-sale financial assets		**34,515**	179,513
Interest received		**8,870**	4,503
Prepayment for acquisition of property, plant and equipment, intangible assets and financial assets		**–**	(605)
Amount due from a related party		**–**	(2,684)
Net cash generated from investing activities		**36,126**	34,076
Cash flows from financing activities			
New bank borrowings		**292,326**	496,019
Repayments of bank borrowings		**(500,633)**	(545,128)
Capital repayment of finance lease obligations		**–**	(973)
Proceeds from issuance of shares		**3,349,052**	–
Dividends paid		**–**	(11,708)
Net cash generated from/(used in) financing activities		**3,140,745**	(61,790)
Net increase/(decrease) in cash and cash equivalents		**3,119,010**	(85,704)
Cash and cash equivalents at beginning of the year		**239,792**	325,892
Exchange losses on cash and cash equivalents		**(14,411)**	(396)
Cash and cash equivalents at end of the year		**3,344,391**	239,792

The notes on pages 48 to 120 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

China Goldjoy Group Limited previously known as World Wide Touch Technology (Holdings) Limited (the "Company") was incorporated in the Cayman Islands on 17 July 2009 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the manufacturing of a range of high-technology products, and the trading of and provision of services with respect to automation-related equipment. Since 11 November 2015, the Group has adopted securities investment as one of its principal business activities.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2010.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 11 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Changes in accounting policy and disclosures

(a) Amended standards and interpretation adopted by the Group

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2015:

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010–2012 cycle
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011–2013 cycle

The adoption of the improvements made in 2010-2012 Cycle has required additional disclosure in the segment area. Other than that, the remaining amendments which are effective for the financial year beginning on 1 January 2015 are not material to the Group.

(b) New standard and amendments to standards have been issued but not effective for the financial year beginning on or after 1 January 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRSs (Amendment)	Annual improvements 2012-2014 cycle	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception	1 January 2016
HKAS 1	Disclosure initiative	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group has not early adopted these new standards and amendments to the existing standards in the financial statements for the year ended 31 December 2015. The Group plans to apply the above standards and amendments when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will result.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Changes in accounting policy and disclosures *(continued)*

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

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle to their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (Note 2.8).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

(a) Consolidation *(continued)*

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Associates *(continued)*

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the statement of comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States ("US") dollar. The consolidated financial statements are presented in Hong Kong dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other income — net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

— income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	2.5%
Leasehold improvements, furniture and fixtures and office equipment	10 to 50%
Machinery and factory equipment	10 to 50%
Computer equipment	20 to 50%
Motor vehicles	10 to 25%

Construction-in-progress represents buildings, plant and machinery on which construction work has not been completed and which, upon completion, management intend to hold for the use of the Group. They are carried at cost which includes development and construction expenditure incurred and other direct costs attributable to the development less any accumulated impairment losses. On completion, the amounts are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.7 Land use right

The up-front prepayments made for land use right are accounted for as operating leases. They are expensed in the consolidated statement of comprehensive income on a straight-line basis over the periods of lease, or when there is impairment, the impairment is expensed in the consolidated statement of comprehensive income.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and patents

Separately acquired trademarks and patents are shown at historical cost. Trademarks and patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and patents over their estimated useful lives of three years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets *(continued)*

(c) Research and developments costs

Costs associated with research activities are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable assets controlled by the Group are recognised as intangible assets when the following criteria are met:

— it is technically feasible to complete the product so that it will be available for use;
— management intends to complete the product and use or sell it;
— there is an ability to use or sell the product;
— it can be demonstrated how the product will generate probable future economic benefits;
— adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
— the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are recognised as part of the product include the product development employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Product development costs recognised as assets are amortised over their estimated useful lives of three years on a straight-line basis.

(d) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five years over the expected life of the customer relationship.

(e) Other intangible assets arising from business combinations

Intangible assets, other than goodwill, identified on business combinations are capitalised at their fair values. They represent mainly order backlogs and non-compete agreements. Intangible assets arising from business combinations with definite useful lives are amortised on a straight-line basis from the date of acquisition over their estimated useful lives of six years.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.10.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, including net gains/(losses) on disposal and remeasurement at fair value, are recognised in the consolidated income statement within "Revenue". Such gains or losses arising prior to the announcement made on 11 November 2015 in relation to the identification of securities investment as a new business segment are recognised in the consolidated statement of comprehensive income within "Other (loss)/gain — net".

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in other comprehensive income. When these securities are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as "gains and losses from investment securities".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets *(continued)*

2.10.2 Recognition and measurement *(continued)*

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.10.3 Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held- to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.10.4 Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in 2.10.3 above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. 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 in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. 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.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent it relates to items recognised in other comprehensive income or directly in equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the forseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profit is not recognised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Employee benefits

(a) Pension obligations

The Group maintains defined contribution plans in both Hong Kong and the China. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Under the Group's defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plan

Provisions for bonus plans due wholly within twelve months after the end of reporting period are recognised when the Group has a legal or construction obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2.19 Share-based payments

The Group operates an equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) License fee income

License fee income is recognised when the Group has delivered the software and documentation to the licensee, the related service conditions have been fulfilled and collectibility of the license fee is reasonably assured.

(d) Sundry income

Sundry income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for land use right, are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

2.24 Assets held-for-sale

Assets are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held-for-sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group under policies approved by the directors of the Company.

(a) Market risk

Foreign exchange risk

The Group operates principally in Hong Kong and in China. It is exposed to foreign exchange risk primarily with respect to Hong Kong dollar and Chinese Renminbi ("RMB") denominated transactions. Foreign exchange risk arises where future commercial transactions, recognised assets and liabilities are denominated in currency that is not the Company's functional currency. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the China government.

As at 31 December 2015 and 2014, the Group's borrowings are mainly denominated in Hong Kong dollar and US dollar. Since Hong Kong dollar is pegged to US dollar, the Group believes the exposure of transactions denominated in Hong Kong dollar which are entered into the Group to be insignificant.

As at 31 December 2015, if RMB had strengthened/weakened by 5% with all other variables held constant, the post tax profit for the year would have been HK$1,678,000 higher/lower, mainly as a result of foreign exchange gains/losses on revaluation of RMB denominated bank deposits, receivables and payables (2014: post tax loss HK$2,823,000 lower/higher, mainly as a result of foreign exchange gains/losses on revaluation of RMB denominated bank deposits, receivables and payables).

The Group has certain investments in available-for-sale financial assets which are denominated in foreign currencies (Note 11). The Group is mainly exposed to foreign exchange risk arising for Norwegian dollar. As at 31 December 2015, if Norwegian dollar strengthened/weakened by 5% with all other variables held constant, the impact on equity for the year would have been HK$9,963,000 higher/lower (2014: HK$3,974,000 higher/lower).

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group also regularly reviews the portfolio of suppliers and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign exchange risk.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

Price risk

The Group is exposed to equity price change arising from its financial assets at fair value through profit or loss and available-for-sale financial assets. The Group's financial instruments are equity securities which are subject to change in market prices of the securities. To manage its price risk arising from investments in equity securities, the Group diversity its portfolio.

As of 31 December 2015, the Group's investments in listed entities that are publicly traded are subject to price risk. A 10% change is used when reporting the price risk internally to the management. If the price of the respective equity instruments in available-for-sale financial assets at fair value through profit or loss had been 10% higher/lower, the equity would have been increased/decreased by approximately HK$20,058,000 (2014: HK$8,452,000) and the profit would have been increased/decreased by approximately HK$29,660,000 (2014: Nil), respectively.

The Group is not exposed to significant commodity price risk as at 31 December 2015 (2014: Same).

Interest rate risk

Except for the cash held at banks, the Group has no other significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

At 31 December 2015, if interest rates on cash held at banks had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK$8,170,000 higher/lower, mainly as a result of higher/lower interest income on cash at banks. (2014: post-tax loss HK$589,000 lower/higher, mainly as a result of higher/lower interest income on cash at bank).

The Group's interest rate risk arises from bank borrowings which are interest bearing at floating rates and are repayable based on the bank repayment schedule. Borrowings issued at floating rates expose the Group to cash flow interest-rate risk.

At 31 December 2015, if interest rates on borrowings had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK$99,000 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. (2014 post-tax loss: HK$534,000 higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk mainly arises from trade and other receivables, loan receivables, available-for-sale investments, financial assets at fair value through profit or loss and cash and cash equivalents.

As at 31 December 2015, the top five debtors and the largest debtor accounted for approximately 44% (2014: 33%) and 15% (2014: 11%) of the Group's trade receivables balance, respectively. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group normally conducts credit checks on new customers and requires them, and other customers with credit histories that the management is not satisfied with, to pay a deposit of on average of 30% of the sales amount, or to provide the Group with a letter of credit when placing orders.

For sales of machinery to automation customers, the Group normally requires customers to pay approximately 90% of the contracted sum before the goods delivery.

In order to minimise the credit risk of the Group, the management has implemented internal control procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Based on the Group's historical experience in collection of trade and other receivables, the directors and the management are of opinion that adequate provision has been made for uncollectible receivables.

Cash and cash equivalents were deposited in over ten financial institutions, which management believes are reputable and without significant credit risk.

Certain share certificates of available-for-sale investments and financial assets at fair value through profit or loss are placed in reputable securities brokers institutions. The credit risks in respect of these available-for-sale investments are considered to be low.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group. Due to the dynamic nature of the underlying businesses, senior management of the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve which comprise undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand HK$'000	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	total HK$'000
At 31 December 2015					
Trade and bill payables	**–**	**62,243**	**–**	**–**	**62,243**
Other payables	**–**	**24,894**	**–**	**–**	**24,894**
Bank borrowings and interest payables (Note i)	**22,270**	**13,002**	**12,675**	**–**	**47,947**
Less: liabilities classified as held-for-sale	**(17,045)**	**(30,594)**	**–**	**–**	**(47,639)**
	5,225	**69,545**	**12,675**	**–**	**87,445**
At 31 December 2014					
Trade and bill payables	–	69,584	–	–	69,584
Other payables	–	34,891	–	–	34,891
Bank borrowings and interest payables (Note i)	143,077	58,298	31,555	30,136	263,066
	143,077	162,773	31,555	30,136	367,541

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

Note i:

Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Based on the internal information provided by management, it is expected that the lender will not exercise its rights to demand repayment. The expected cash flows with reference to the schedule of repayments set out in the loan agreements are as follows:

	On demand HK$'000	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 December 2015					
Trade and bill payables	**–**	**62,243**	**–**	**–**	**62,243**
Other payables	**–**	**24,894**	**–**	**–**	**24,894**
Bank borrowings and interest payables	**–**	**35,311**	**12,675**	**–**	**47,986**
Less: liabilities classified as held-for-sale	**–**	**(47,670)**	**–**	**–**	**(47,670)**
	–	**74,778**	**12,675**	**–**	**87,453**
At 31 December 2014					
Trade and bill payables	–	69,584	–	–	69,584
Other payables	–	34,891	–	–	34,891
Bank borrowings and interest payables	10,000	191,737	31,555	30,136	263,428
	10,000	296,212	31,555	30,136	367,903

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or dispose of assets to reduce debt.

The capital structure of the Group consists of borrowings and shareholder's equity. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. This ratio is calculated as total liabilities divided by total assets.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management *(continued)*

The Group's total liabilities and total assets positions and debt-asset ratio at 31 December 2015 and 2014 were as follows:

	2015	2014
Total liabilities (HK$'000)	**181,995**	386,121
Total assets (HK$'000)	**4,332,000**	877,279
Debt-asset ratio	**0.04**	0.44

3.3 Fair value estimation

The fair value measurements of financial instruments of the Group that are measured at fair value in the consolidated statement of financial position are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise listed shares classified as financial assets at fair value through profit or loss and available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise unlisted securities classified as financial assets at fair value through profit or loss.

3.3 Fair value estimation *(continued)*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Instruments included in level 3 comprise available-for-sale financial assets and contingent consideration payable in relation to acquisition of a subsidiary which represents payable to the selling shareholder that do not have a quoted market price in an active market as of 31 December 2014.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the Group's assets/(liabilities) that are measured at fair value at 31 December 2015:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2015				
Assets				
Financial assets at fair value through profit or loss	**296,597**	**48,280**	**–**	**344,877**
Available-for-sale financial assets	**200,579**	**–**	**87,109**	**287,688**
Less: assets classified as held-for-sale	**(972)**	**–**	**(559)**	**(1,531)**
	496,204	**48,280**	**86,550**	**631,034**
As at 31 December 2014				
Assets				
Financial assets at fair value through profit or loss	1,162	–	–	1,162
Available-for-sale financial assets	83,353	–	74,391	157,744
Liabilities				
Contingent consideration in relation acquisition of a subsidiary	–	–	(9,672)	(9,672)
	84,515	–	64,719	149,234

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Available-for-sale financial assets measured at cost

As at 31 December 2014, an available-for-sale financial asset was measured at cost less impairment, if any, because it was a startup business and in the new products development stage, in which there were uncertainties as to the future performance of these new products and accordingly, the fair value cannot be determined reliably. In accordance with HKAS 39 under these circumstances, the carrying amount of the investment in unquoted security of HK$29,518,000 was deemed to be its cost (Note 11).

As at 31 December 2015, the available-for-sale financial asset was measured at fair value by using a combination of market approach and cost approach, which involves the valuation of its respective investments and an assessment on the possible recoverability of amounts due from respective investee companies.

3.5 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2015:

	Available-for-sale financial assets and financial assets at fair value through profit or loss HK$'000	Contingent consideration payable in relation to acquisition of a subsidiary HK$'000
Opening balance at 1 January 2015	74,391	(9,672)
Transfer to Level 3 (Note)	29,518	–
Losses recognised in profit or loss	(16,800)	(339)
Settlement during the year	–	10,011
Less: assets classified as held-for-sale	(559)	–
Closing balance at 31 December 2015	86,550	–
Change in unrealised losses for the period included in profit or loss for liabilities held at end of the reporting period, under 'Finance costs' (Note 27)	–	339

Note:

As at 31 December 2015, the Group valued its investment in unlisted shares classified as available-for-sale financial asset using a combination of market approach and cost approach which is not based on observable inputs. The available-for-sale financial asset was measured at cost less impairment in preceding year.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.5 Fair value measurements using significant unobservable inputs (Level 3) *(continued)*

The following table presents the changes in level 3 instruments for the year ended 31 December 2014:

	Available–for-sale financial assets HK$'000	Contingent consideration payable in relation to acquisition of a subsidiary HK$'000
Opening balance at 1 January 2014	74,391	(16,949)
Losses recognised in profit or loss	–	(1,725)
Settlement during the year	–	9,002
Closing balance at 31 December 2014	74,391	(9,672)
Change in unrealised losses for the period included in profit or loss for liabilities held at end of the reporting period, under 'Finance costs' (Note 27)	–	874

The fair value of contingent consideration payable in relation to acquisition of a subsidiary is recognised based on the estimated net profit of Gallant Tech Limited and its subsidiaries (the "Gallant Tech Group") for the year ended 31 December 2014. This implies the potential undiscounted amount of all future payments that the Group could be required to make under this arrangement would vary by a change of assumed probability — adjusted net profit of Gallant Tech Group.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.5 Fair value measurements using significant unobservable inputs (Level 3) *(continued)*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Description	Fair value at 31 December 2015 (HK$'000)	Valuation technique(s)	Unobservable inputs		Relationship of unobservable inputs to fair value
Equity security	30,565	Market approach using equity allocation method	Volatility	45%	The higher the volatility, the higher the fair value
Equity security	27,026	Discounted cash flow using equity allocation method	Weighted average cost of capital	35%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
			Volatility	65%	The higher the volatility, the higher the fair value
Equity security	29,518	Market approach using equity allocation method	Volatility	40%	The higher the volatility, the higher the fair value

3.6 Group's valuation processes

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The finance department reports directly to the chief financial officer ("CFO") and the audit committee ("AC"). Discussions of valuation processes and results are held between the CFO, AC and the finance department at least once every month, in line with the Group's monthly reporting dates.s

Changes in Level 2 and 3 fair values are analysed at each reporting date during the monthly valuation discussions between the CFO, AC and the finance department. As part of that discussion, the finance department presents a report that explains the reasons for the fair value movements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment, land use right and intangible assets

Property, plant and equipment, land use right and intangible assets are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations. The calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the Continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

(b) Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgements and estimates. Management reassesses the provision at the end of each reporting period.

(c) Income taxes

The Group is mainly subject to income taxes in jurisdictions in Hong Kong and China. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(d) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(e) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial assets is impaired in accordance with the accounting policy stated in Note 2.10. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(f) Associate

The Group has investment in an entity with a board representation. In view of management, this investment is classified as available-for-sale, rather than an investment in an associate as the Group did not participate in any policy-making process, had no access to detailed information to this entity and there are no other evidence that indicate the existence of significant influence.

(g) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer of the Company (the "CEO") that are used to make strategic decisions.

The former CEO used to consider the business from a perspective of different product categories. Due to the business transformation of the Group and change of management personnel during the year, management has changed its internal organisation structure to align more closely with the Group's strategic decision and market dynamics to better serve customers, in which the previous operating segments of Life Energy, Life Security, Life Touch and Others were changed to one operating segment, namely Manufacturing. The comparative segment information has been restated to reflect the current organisation structure. The Group will continue to engage in manufacturing business subsequent to the sale of assets and liabilities related to Charming Lion Limited, World Fair International Limited and Heshan World Fair Electronics Technology Limited (collectively known as "Charming Lion Group"), wholly-owned subsidiaries of the Group (Note 18).

In addition, pursuant to an announcement made by the Company on 11 November 2015, the Group has adopted securities investment ("Securities Investment") as a new business segment as a result of a change in the Group's strategy. Revenue in relation to the investment transactions of financial assets at fair value through profit or loss has been recognised in this business segment for the year ended 31 December 2015. The Group has adopted the new organisation structure as the reporting format effective for the year ended 31 December 2015.

The reportable segments were classified as Automation, Manufacturing and Securities Investment.

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the consolidated financial statements.

5 SEGMENT INFORMATION *(continued)*

The CEO assesses the performance of the operating segments based on a measure of operating profit, which is in a manner consistent with that of the consolidated financial statements.

Sales between segments are carried out at arm's-length. The Group's revenue by segment is as follows:

	2015			2014		
	Total segment revenue HK$'000	**Inter segment revenue HK$'000**	**Revenue from external customers HK$'000**	Total segment revenue HK$'000 (Restated)	Inter segment revenue HK$'000 (Restated)	Revenue from external customers HK$'000 (Restated)
Automation	**344,566**	**(87)**	**344,479**	409,433	(5,083)	404,350
Manufacturing	**161,633**	**–**	**161,633**	336,706	–	336,706
Securities Investment	**205,737**	**–**	**205,737**	–	–	–
Total	**711,936**	**(87)**	**711,849**	746,139	(5,083)	741,056

Reportable segment information is reconciled to profit/(loss) before income tax as follows:

	2015 HK$'000	2014 HK$'000 (Restated)
Operating profit/(loss)		
Automation	**(26)**	11,084
Manufacturing	**40,872**	(540,366)
Securities Investment	**204,300**	–
Total	**245,146**	(529,282)
Unallocated:		
Depreciation	**(3,629)**	(4,642)
Other (loss)/gain — net	**(6,498)**	5,387
Other income — net	**3,576**	4,958
Administrative expenses	**(28,684)**	(40,512)
Finance income/(costs) — net	**1,732**	(1,470)
Share of loss of associate	**(624)**	(3,786)
Impairment provision for associates	**(4,200)**	(6,119)
Profit/(loss) before income tax	**206,819**	(575,466)

5 SEGMENT INFORMATION *(continued)*

	2015 **HK$'000**	2014 HK$'000 (Restated)
Other segment items – depreciation and amortisation		
Automation	**(3,289)**	(3,349)
Manufacturing	**(24,702)**	(74,422)
Unallocated	**(3,629)**	(4,642)
	(31,620)	(82,413)

During the year ended 31 December 2015, the Group recorded a provision for impairment of inventories of HK$1,000,000 (2014: HK$11,800,000) in the segment results of Manufacturing segment and nil for Automation and Securities Investment segments (2014: Nil).

During the year ended 31 December 2015, no provision for impairment of property, plant and equipment has been made. During the year ended 31 December 2014, the Group recorded a provision of property, plant and equipment of HK$434,500,000 in the segment results of Manufacturing segment and nil for Automation and Securities Investment segments.

During the year ended 31 December 2015, the Group recorded for impairment of intangible assets of HK$5,579,000 (2014: Nil) in the segment results of Manufacturing segment and nil for Automation and Securities Investment segments (2014: Nil).

Aside from the license fee income – net amounted to HK$7,800,000 which was included in the segment results of Manufacturing segment, other (loss)/gain — net, other income — net, administrative expenses and depreciation are not allocated to segments, as they are inseparable and not attributable to particular reportable segments. Finance costs — net and shares of losses and impairment provision of associates are not allocated to segments, as these items are managed by the central finance and accounting function, which manages the working capital of the Group.

5 SEGMENT INFORMATION *(continued)*

The assets attributable to different reportable segments assets are reconciled to total assets as follows:

	2015 **HK$'000**	2014 HK$'000 (Restated)
Segment assets		
Automation	**206,313**	197,611
Manufacturing	**6,514**	248,098
Securities Investment	**473,326**	–
Segment assets for reportable and other segments	**686,153**	445,709
Unallocated:		
Property, plant and equipment	**634**	9,247
Available-for-sale financial assets	**287,129**	187,262
Investments in associates	**7,771**	12,595
Prepayments, deposits and other receivables	**4,248**	15,024
Financial assets at fair value through profit or loss	**–**	1,162
Cash and cash equivalents	**3,092,940**	206,280
Assets classified as held-for-sale (Note 18)	**253,125**	–
Total assets	**4,332,000**	877,279

The amounts provided to the CEO with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Segment assets represent property, plant and equipment, intangible assets, trade receivables, prepayments, deposits and other receivables, current income tax recoverables, cash and cash equivalents, goodwill, inventories and financial assets at fair value through profit or loss attributable to various reportable segments.

Unallocated segment assets comprise property, plant and equipment, prepayments, deposits and other receivables, cash and cash equivalents, investments in associates, financial assets at fair value through profit or loss, available-for-sale financial assets and assets classified as held-for-sale which are inseparable and are not attributable to particular reportable segments.

5 SEGMENT INFORMATION *(continued)*

Reportable segments liabilities are reconciled to total liabilities as follows:

	2015 **HK$'000**	2014 HK$'000
Segment liabilities		
Automation	**62,783**	133,667
Manufacturing	**8,763**	164,557
Securities Investment	**11,308**	–
Segment liabilities for reportable and other segments	**82,854**	298,224
Unallocated:		
Accruals and other payables	**13,547**	25,191
Bank borrowings	**25,000**	62,500
Current income tax liabilities	**39**	5
Deferred income tax liabilities	**–**	201
Liabilities classified as held-for-sale (Note 18)	**60,555**	–
Total liabilities	**181,995**	386,121

The amounts provided to the CEO with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. Segment liabilities represent trade payables, accruals and other payables, deferred income tax liabilities, current income tax liabilities and bank borrowings attributed to various reportable segments.

Unallocated segment liabilities comprise accruals and other payables, bank borrowings, current income tax liabilities, deferred income tax liabilities and liabilities classified as held-for-sale which are inseparable and are not attributable to particular reportable segments.

Revenue from external customers for Manufacturing and Automation segments are derived from the sales of goods net of returns and rebates. Revenue from Securities Investment segment is derived from realised and unrealised gains/(losses) of financial assets at fair value through profit or loss.

Members of the Group are mainly domiciled in Hong Kong and China while their major customers are mainly located in China, the United States of America and Israel.

The Group's revenue of Automation and Manufacturing segments derived from external customers located in China and the United States of America, is HK$437,790,000 (2014: HK$569,908,000) and HK$4,099,000 (2014: HK$64,967,000) respectively, while the remaining revenue is derived from customers located in other countries.

The total amount of non-current assets other than deferred income tax assets and financial instruments located in China is HK$5,932,000 (2014: HK$91,626,000), and the total amount of these non-current assets located in other countries is HK$56,099,000 (2014: HK$90,359,000).

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements, furniture and fixtures and office equipment	Machinery and factory equipment	Computer equipment	Motor vehicles	Construction-in-progress	Total
At 1 January 2014							
Cost	205,684	41,950	542,965	23,997	8,377	98,807	921,780
Accumulated depreciation	(23,035)	(26,411)	(279,292)	(16,307)	(4,353)	–	(349,398)
Net book amount	182,649	15,539	263,673	7,690	4,024	98,807	572,382
For the year ended 31 December 2014							
Opening net book amount	182,649	15,539	263,673	7,690	4,024	98,807	572,382
Additions	–	2,625	8,536	691	668	–	12,520
Transfers	–	1,755	2,800	–	–	(4,555)	–
Disposal	(73)	(83)	(1,690)	(53)	–	(584)	(2,483)
Depreciation	(5,142)	(4,657)	(52,601)	(3,027)	(945)	–	(66,372)
Impairment	(145,199)	(10,932)	(180,047)	(2,791)	(1,863)	(93,668)	(434,500)
Closing net book amount	32,235	4,247	40,671	2,510	1,884	–	81,547
At 31 December 2014							
Cost	205,596	43,134	545,410	22,506	9,045	93,668	919,359
Accumulated depreciation and impairment	(173,361)	(38,887)	(504,739)	(19,996)	(7,161)	(93,668)	(837,812)
Net book amount	32,235	4,247	40,671	2,510	1,884	–	81,547
For the year ended 31 December 2015							
Opening net book amount	**32,235**	**4,247**	**40,671**	**2,510**	**1,884**	**–**	**81,547**
Additions	**–**	**111**	**984**	**105**	**–**	**–**	**1,200**
Disposal	**(43)**	**(262)**	**(12)**	**(214)**	**–**	**–**	**(531)**
Depreciation	**(932)**	**(990)**	**(11,837)**	**(1,011)**	**(382)**	**–**	**(15,152)**
Transferred to assets classified as held-for-sale (Note 18)	**(31,260)**	**(2,836)**	**(29,326)**	**(1,106)**	**(1,485)**	**–**	**(66,013)**
Closing net book amount	**–**	**270**	**480**	**284**	**17**	**–**	**1,051**
At 31 December 2015							
Cost	**145,199**	**11,708**	**183,600**	**3,878**	**2,231**	**93,668**	**440,284**
Accumulated depreciation and impairment	**(145,199)**	**(11,438)**	**(183,120)**	**(3,594)**	**(2,214)**	**(93,668)**	**(439,233)**
Net book amount	**–**	**270**	**480**	**284**	**17**	**–**	**1,051**

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation expense of HK$9,467,000 (2014: HK$49,356,000) has been charged to cost of sales and HK$5,685,000 (2014: HK$17,016,000) has been charged to administrative expenses, respectively. During the year ended 31 December 2015, no impairment loss have been made. During the year ended 31 December 2014, impairment loss of HK$273,715,000 has been charged to cost of sales and HK$160,785,000 has been charged to administrative expenses, respectively.

The Group's buildings are situated outside Hong Kong under medium term leases.

The Group is in the process of applying for real estate ownership certificates of certain factory buildings and the carrying amounts of such construction-in-progress and buildings, which is included in the assets classified as held-for-sale, amounted to HK$14,960,000 (2014: HK$15,413,000) as of 31 December 2015.

The Group carried out reviews of the recoverable amounts of each cash-generating unit ("CGU") which is determined as each operating segment.

During the year end 31 December 2015, no provision for impairment of property, plant and equipment has been made. The recoverable amount of property, plant and equipment was based on fair value less cost of disposal.

During the year ended 31 December 2014, in light of the impairment indicators identified for Manufacturing segment due to the business transformation, the directors reviewed the recoverability of the relevant carrying amounts of these CGUs. An impairment loss of HK$434,500,000 was recognised in respect of property, plant and equipment, including abandoned construction-in-progress and other property, plant and equipment amounting to HK$93,700,000 and HK$340,800,000, respectively. The recoverable amount of abandoned construction-in-progress was determined based on fair value less costs of disposal and is recognised under level 3 of fair value hierarchy which largely uses observable and unobservable inputs including the market rent of completed buildings and capitalisation rate. The recoverable amount of other property, plant and equipment was determined based on the value-in-use calculation of relevant CGU. These calculations use pre-tax cash flow projections based on the budgets approved by the management covering a five-year period with the key assumptions used in the value-in-use calculation for the year ended 31 December 2014 disclosed below. Cash flows beyond the five-year period were extrapolated based on the fifth year cash flow projection. In assessing the appropriateness of the recoverable amount of other property, plant and equipment, the management has made reference to market rent of buildings and resale value in secondary market for the equipments and the other assets. Revenue growth rates were based on past practices and expectations on market and operational development. Based on the latest business plan, management expected Manufacturing revenue to grow at 1.5% each year. The discount rate of 10% applied by the Group was a rate that reflected the current market assessment of the time value of money and the risk specific to the CGUs.

7 LAND USE RIGHT

The Group's interest in land use right represent prepaid operating lease payments and its net book amount is analysed as follows:

	2015	2014
	HK$'000	HK$'000
In China held on:		
Lease between 10 and 50 years	**–**	4,690

Movements during the year are as follows:

	2015	2014
	HK$'000	HK$'000
At beginning of year	**4,690**	4,806
Amortisation	**(115)**	(116)
Transferred to assets classified as held-for-sale (Note 18)	**(4,575)**	–
At end of year	**–**	4,690

Amortisation expense of HK$115,000 (2014: HK$116,000) has been charged to administrative expenses.

8 INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks and patents HK$'000	Development costs HK$'000	Contractual customers relationships HK$'000	Other intangible assets HK$'000	Total HK$'000
For the year ended 31 December 2014						
Opening net book amount	48,122	2,244	14,720	8,699	284	74,069
Additions	–	7,110	10,119	–	–	17,229
Amortisation	–	(2,943)	(10,010)	(2,900)	(72)	(15,925)
Closing net book amount	48,122	6,411	14,829	5,799	212	75,373
At 31 December 2014						
Cost	48,122	14,629	97,320	14,497	832	175,400
Accumulated amortisation and impairment	–	(8,218)	(82,491)	(8,698)	(620)	(100,027)
Net book amount	48,122	6,411	14,829	5,799	212	75,373
For the year ended 31 December 2015						
Opening net book amount	**48,122**	**6,411**	**14,829**	**5,799**	**212**	**75,373**
Additions	**–**	**2,252**	**3,118**	**–**	**–**	**5,370**
Amortisation	**–**	**(4,272)**	**(9,111)**	**(2,900)**	**(70)**	**(16,353)**
Disposal (Note 24)	**–**	**(2,143)**	**(7,405)**	**–**	**–**	**(9,548)**
Impairment	**(1,900)**	**(2,248)**	**(1,431)**	**–**	**–**	**(5,579)**
Closing net book amount	**46,222**	**–**	**–**	**2,899**	**142**	**49,263**
At 31 December 2015						
Cost	**48,122**	**1,060**	**–**	**14,497**	**832**	**64,511**
Accumulated amortisation and impairment	**(1,900)**	**(1,060)**	**–**	**(11,598)**	**(690)**	**(15,248)**
Net book amount	**46,222**	**–**	**–**	**2,899**	**142**	**49,263**

Amortisation expense of HK$16,353,000 (2014: HK$15,925,000) has been charged to cost of sales in the consolidated statement of comprehensive income. Impairment loss of HK$1,900,000 (2014: Nil) and HK$3,679,000 (2014: Nil) have been charged to other loss and cost of sales, respectively.

8 INTANGIBLE ASSETS *(continued)*

Impairment test for goodwill

Management considered each subsidiary represents a separate CGU for the purpose of goodwill impairment testing.

As of 31 December 2015, the carrying amounts of goodwill allocated to the Automation and Manufacturing segment amounted to HK$43,722,000 (2014: HK$43,722,000) and HK$2,500,000 (2014: HK$4,400,000) respectively.

The recoverable amounts of the CGUs are determined based on value-in-use calculations or fair value less cost of disposal with reference to market price, whichever is higher.

For value-in-use calculations, management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years with a terminal value related to the future earnings potential of CGU beyond the next five years. The financial budgets and growth rates are estimated based on past performance and its expectations of market development. The key assumptions used for the value-in-use calculations are as follows:

	Automation	**Manufacturing**
For the year ended 31 December 2015		
Growth rate (terminal growth rate)	**5%**	**N/A (Note)**
Discount rate	**10%**	**N/A (Note)**
For the year ended 31 December 2014		
Growth rate (terminal growth rate)	5%	1%
Discount rate	10%	10%

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGUs to exceed the aggregate recoverable amount of CGUs.

Note: As at 31 December 2015, the recoverable amount of the Manufacturing segment was determined by fair value less cost of disposal by reference to the quoted market price.

9 SUBSIDIARIES

Details of the subsidiaries of the Company are as follows:

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Directly held:					
Great Sphere Developments Limited	3 July 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Success Charm Holdings Limited	11 May 2009	British Virgin Islands	27,774,264 shares of US$1 each	100%	Investment holding
Indirectly held:					
Brilliant Victory Holdings Limited	23 November 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Charming Lion Limited	6 May 2009	British Virgin Islands	2 shares of US$1 each	100%	Investment holding
Cherry Light Limited	11 May 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Cybertouch-Tech Company Limited	13 October 2000	Hong Kong	10,000 shares of HK$10,000	100%	Investment holding
Cyber Communications Company Limited	24 February 2011	Hong Kong	1 share of HK$1	100%	Investment holding
Cyber Energy Limited	18 December 2009	Hong Kong	1 share of HK$1	100%	Investment holding
Cyber Lighting Technology Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Inactive
Cyber Medics Company Limited	24 February 2011	Hong Kong	1 share of HK$1	100%	Investment holding
Cyber Products Technology Company Limited	2 March 2011	Hong Kong	1 share of HK$1	100%	Inactive
Cyber Vision Technology Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Ever Firm Limited	6 May 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding

9 SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
FingerQ Japan Co., Ltd	27 December 2013	Japan	50 share of JPY10,000 each	100%	Business development and product marketing
FingerQ Technology Limited	30 May 2013	British Virgin Islands	1 share of US$1 each	100%	Investment holding
FingerQ Secure Network Limited	19 February 2013	Hong Kong	1 share of HK$1	100%	Investment holding
FingerQ Macao Commercial Offshore Limited	13 December 2007	Macau	1 share of MOP$100,000 each	100%	Trading of software
Forever Best Investments Limited	9 August 2013	Hong Kong	1 share of HK$1	100%	Inactive
Gain Glory Holdings Limited	28 September 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Gallant Tech Limited	10 May 2007	Hong Kong	5,000,000 shares of HK$5,000,000	100%	Trading of machines and spare parts and investment holding
Gallant Tech (i-manufacturing) Limited	15 October 2012	British Virgin Islands	1 share of US$1 each	100%	Inactive
Giant Leap International Limited	27 September 2013	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Golden Vast Limited	11 April 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Golden Vast Macao Commercial Offshore Limited	25 February 2003	Macau	1 share of MOP$1,000,000 each	100%	Trading of electronic products
Grand Sheen Group Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding

9 SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
Hong Kong Bao Xin Asset Management Limited (Formerly Great Earnings Limited)	23 April 2012	Hong Kong	1 share of HK$1	100%	Investment holding
Bao Xin International Asset Management Limited (Formerly Great Ray Developments Limited)	3 July 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Heshan World Fair Electronics Technology Limited	18 November 2004	China	US$57,250,000	100%	Manufacturing of printed circuit board touch pad
Majestic Fortune Limited	11 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Shining Union Limited	9 July 2009	Hong Kong	1 share of HK$1	100%	Management and holding of patents, trademarks and designs
Silkray Limited	11 May 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Smart Riches Limited	13 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Surplus Creation Investments Limited	3 January 2013	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Up Castle Limited	9 July 2009	Hong Kong	1 share of HK$1	100%	Trading of electronic products
World Design Technology Limited	4 November 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
World Fair International Limited	27 December 1996	Hong Kong	100,000 shares of HK$100,000	100%	Trading of electronic products

9 SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
深圳市佳力興業電子科技有限公司	23 June 2006	China	RMB1,500,000	100%	Trading of machines and spare parts
WWTT Technology China	1 November 2011	China	HK$1,000,000	100%	Research and development
China Foresea Finance Group Limited	14 October 2015	Cayman Islands	1 share of US$1 each	100%	Inactive
Bao Da Financial International Limited	6 August 2015	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Bao Yao International Technology Limited	6 August 2015	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Hong Kong Bao Da Financial Holdings Limited	18 August 2015	Hong Kong	1 share of US$1 each	100%	Investment holding
Hong Kong Bao Yao Technology Limited	20 August 2015	Hong Kong	1 share of US$1 each	100%	Investment holding
深圳寶信金融服務有限公司	12 October 2015	China	RMB500,000,000	100%	Inactive
深圳寶達金融服務有限公司	12 October 2015	China	RMB800,000,000	100%	Inactive
深圳寶耀科技有限公司	21 October 2015	China	RMB500,000,000	100%	Inactive
Rich Inward Limited	16 December 2015	British Virgin Islands	1 share of US$1 each	100%	Inactive

10 INVESTMENTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
At 1 January	**12,595**	22,500
Share of loss of associates	**(624)**	(3,786)
Impairment provision for associates	**(4,200)**	(6,119)
At 31 December	**7,771**	12,595

Set out below are the associates of the Group as at 31 December 2015. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Name	Place of business/ country of incorporation	Ownership interest	Principal activities	Measurement method
Advanced Radio Device Technologies, Inc. ("ARDT")	Korea	43%	Research and development, manufacturing, sales and marketing of semiconductors for communication and related equipment	Equity
Tekmar, Inc.	USA	37.76%	Research and development, manufacturing, sales of carriergrade wireless telecommunication systems and components	Equity

ARDT and Tekmar, Inc. are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

During the year ended 31 December 2015, due to the poor financial performance of ARDT, the Group has made an impairment provision for the interest in ARDT of HK$4,200,000.

During the year ended 31 December 2014, as a result of the continued loss sustained and the financial difficulties faced by Tekmar, Inc. the Group has fully impaired the interest in Tekmar, Inc. of HK$6,119,000 and did not have any unrecognised share of losses of associates.

Summarised financial information for associates

Set out below are the summarised financial information for the ARDT which is accounted for using the equity method.

10 INVESTMENTS IN ASSOCIATES *(continued)*

Summarised statement of financial position

	2015 HK$'000	2014 HK$'000
Current		
Total current assets	**6,705**	6,576
Total current liabilities	**(502)**	(179)
Non-current		
Total non-current assets	**2,719**	4,365
Total non-current liabilities	**(1,781)**	(2,170)
Net assets	**7,141**	8,592

Summarised statement of comprehensive income

	2015 HK$'000	2014 HK$'000
Revenue	**4,527**	3,164
Post-tax loss from continuing operations	**(1,451)**	(3,114)
Total comprehensive loss	**(1,451)**	(3,114)
Post-tax loss from continuing operations after acquisition	**(1,451)**	(3,114)

10 INVESTMENTS IN ASSOCIATES *(continued)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

Summarised financial information	2015 HK$'000	2014 HK$'000
Opening net assets 1 January	**8,592**	11,706
Post acquisition loss for the period	**(1,451)**	(3,114)
Closing net assets	**7,141**	8,592
% of ownership	**43%**	43%
Interest in associates	**3,071**	3,695
Goodwill	**4,700**	8,900
Carrying value	**7,771**	12,595

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Unlisted shares	**86,550**	103,909
Listed shares	**200,579**	83,353
	287,129	187,262

As at 31 December 2015, certain unlisted shares with aggregated carrying amount of HK$86,550,000 (2014: HK$74,391,000) are measured at fair value determined by using discounted cash flow approach based on unobservable inputs. As at 31 December 2014, unlisted shares with carrying amount of HK$29,518,000 were measured at cost (Note 3.3 and 3.4).

The fair values of listed shares are determined on the basis of their quoted market prices at the end of reporting period.

At the end of reporting period, the Group's available-for-sale financial assets were individually reviewed for impairment by management. Impairment loss of HK$16,800,000 has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2015 (2014: Nil).

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

No available-for-sale financial assets were pledged as security for bank borrowings of the Group at the end of the reporting period.

Available-for-sale financial assets are denominated in the following currencies:

	2015 **HK$'000**	2014 HK$'000
US dollar	**58,356**	78,263
Norwegian Kroner	**199,255**	79,481
Canadian dollar	**29,518**	29,518
	287,129	187,262

12 INVENTORIES

	2015 **HK$'000**	2014 HK$'000
Raw materials	**–**	62,073
Work in progress	**–**	5,709
Finished goods	**16,030**	39,309
	16,030	107,091

Cost of inventories of HK$393,527,000 (2014: HK$600,533,000) has been included in cost of sales.

As at 31 December 2015, raw materials, work in progress and finished goods of HK$24,306,000 (2014: HK$30,356,000) in total are considered as obsolete. A provision of HK$24,306,000 was made as at 31 December 2015 (2014: HK$30,356,000). The amount of provision for impairment has been included in "cost of sales" in the consolidated statement of comprehensive income.

13 TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**113,849**	136,504
Less: Provision for impairment of receivables	**(390)**	(668)
Trade receivables — net	**113,459**	135,836
Less: non-current portion	**(3,946)**	(1,763)
Current portion	**109,513**	134,073

The carrying amounts of trade receivables approximate their fair values.

The Group generally grants a credit period of 30 to 90 days to its customers. For customers of automation products, a credit period ranging from 30 days to 60 days after acceptance is generally granted. The ageing analysis of trade receivables based on invoice date is as follows:

	2015 HK$'000	2014 HK$'000
0 to 30 days	**51,906**	58,365
31 to 60 days	**17,203**	29,584
61 to 90 days	**13,040**	23,758
91 to 120 days	**21,560**	8,694
Over 120 days	**10,140**	16,103
	113,849	136,504

As at 31 December 2015, trade receivables of HK$92,906,000 (2014: HK$97,907,000) are neither past due nor impaired. These relate to customers for whom there is no recent history of default.

13 TRADE RECEIVABLES *(continued)*

As at 31 December 2015, trade receivables of HK$20,553,000 (2014: HK$37,929,000) were past due but not impaired. No provision has been made against these balances as the directors consider the amounts being recoverable and there is no recent history of default. The ageing analysis of these debtors based on invoice date is as follows:

	2015	2014
	HK$'000	HK$'000
0 to 30 days	**225**	2,287
31 to 60 days	**2,100**	6,306
61 to 90 days	**5,007**	11,039
91 to 120 days	**4,654**	7,746
Over 120 days	**8,567**	10,551
	20,553	37,929

As of 31 December 2015, trade receivables of HK$390,000 (2014: HK$668,000) were impaired and provided for. Amounts due from these customers were aged over 120 days.

Trade receivables are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
US dollar	**65,169**	88,376
Hong Kong dollar	**872**	1,592
RMB	**47,132**	35,866
EUR	**–**	9,201
Others	**286**	801
	113,459	135,836

13 TRADE RECEIVABLES *(continued)*

Movements on the provision for impairment of trade receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**668**	828
Provision for impairment of trade receivables	**3,252**	131
Reversal of provision of impairment of trade receivables	**–**	(291)
Transferred to disposal group classified as held-for-sale	**(3,530)**	–
At 31 December	**390**	668

The maximum exposure to credit risk at the reporting date is the fair value of trade receivables. The Group does not hold any collateral in respective of these balances.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Non-current		
Prepayments for purchase of property, plant and equipment and intangible assets	**–**	1,317
Prepaid insurance for a director	**–**	4,700
	–	6,017
Current		
Prepayments for purchase of inventories	**–**	245
Utility and other deposits	**1,537**	3,573
Value-added tax recoverable	**–**	2,287
Escrow amount receivable	**1,166**	3,390
Others	**3,732**	7,743
	6,435	17,238

The directors consider the balances of prepayments, deposits and other receivables are recoverable by reference to the nature of these balances and credit history of counterparties where applicable.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK$'000	2014 HK$'000
Listed shares	295,625	1,162
Other securities	48,280	–
	343,905	1,162

The Group's financial assets at fair value through profit or loss are denominated in Hong Kong dollar.

The fair values of listed shares are based on their current bid prices in an active market. On 11 November 2015, the Group has adopted securities investment as a new business segment (Note 5). Subsequent to 11 November 2015, changes in fair values of financial assets at fair value through profit or loss are recorded in revenue in the consolidated statement of comprehensive income. Financial assets at fair value through profit or loss are presented within 'operating activities' in the consolidated statement of cash flows.

16 CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Cash in hand	182	165
Cash at banks	3,344,209	239,627
	3,344,391	–
Less: Transferred to assets classified as held-for-sale (Note 18)	(92,830)	–
	3,251,561	239,792

Cash and cash equivalents are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
RMB	442,249	127,748
US dollar	106,606	51,121
Hong Kong dollar	2,672,704	58,685
Others	30,002	2,238
	3,251,561	239,792

The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

17 SHARE CAPITAL AND PREMIUM

	Number of shares (thousand)	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 January and 31 December 2014	2,927,084	292,708	565,489	858,197
Shares issued (Note)	18,621,514	1,862,152	1,488,662	3,350,814
At 31 December 2015	21,548,598	2,154,860	2,054,151	4,209,011

Note: On 9 May 2015, the Group entered into a subscription agreement with, among others, eight investors pursuant to which the investors agreed to subscribe for 18,611,994,000 new shares ("Share Subscription"). The Share Subscription was completed on 3 August 2015. The shares were issued at a price of HK$0.18 per share for a total cash consideration of HK$3,350,159,000. The net proceeds was HK$3,345,054,000 (net of transaction costs of HK$5,105,000).

In addition, the Group's employees exercised share option of 9,520,000 shares for a total cash consideration of HK$3,998,000.

18 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The assets and liabilities related to Charming Lion Limited, World Fair International Limited and Heshan World Fair Electronics Technology Limited (collectively known as "Charming Lion Group"), wholly-owned subsidiaries of the Group, have been presented as held-for-sale following the approval of the Group's management to sell Charming Lion Group. The completion date for the transaction is expected by 30 June 2016. The Group will continue to engage in manufacturing business subsequent to the sale of Charming Lion Group.

(a) Assets of Charming Lion Group classified as held-for-sale

	2015 HK$'000	2014 HK$'000
Property, plant and equipment (Note 6)	66,013	–
Land use right (Note 7)	4,575	–
Deferred income tax assets (Note 21)	8,992	–
Trade receivables	16,834	–
Prepayments, deposits and other receivables	9,112	–
Inventories	53,238	–
Cash and cash equivalents (Note 16)	92,830	–
Available-for-sale financial asset	559	–
Financial assets at fair value through profit or loss	972	–
Total	253,125	–

18 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE *(continued)*

(b) Liabilities of Charming Lion Group classified as held-for-sale

	2015 HK$'000	2014 HK$'000
Bank borrowings	17,045	–
Trade payables	17,200	–
Accruals and other payables	13,396	–
Deferred income tax liabilities (Note 21)	156	–
Current income tax liabilities	12,758	–
Total	60,555	–

19 OTHER RESERVES AND RETAINED EARNINGS/(ACCUMULATED DEFICITS)

	Merger reserve (Note a) HK$'000	Capital reserve (Note b) HK$'000	Share option reserve HK$'000	Statutory reserve (note c) HK$'000	Available-for-sale financial assets HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings/ accu-mulated deficits HK$'000	Total HK$'000
For the year ended 31 December 2014									
At 1 January 2014	(215,150)	12,411	2,224	33,545	29,078	22	(137,870)	483,393	345,523
Loss for the year	–	–	–	–	–	–	–	(583,152)	(583,152)
Other comprehensive income:									
Fair value loss on available-for-sale financial assets	–	–	–	–	(117,293)	–	(117,293)	–	(117,293)
Currency translation differences	–	–	–	–	–	(409)	(409)	–	(409)
Total other comprehensive loss	–	–	–	–	(117,293)	(409)	(117,702)	–	(117,702)
Total comprehensive loss	–	–	–	–	(117,293)	(409)	(117,702)	(583,152)	(700,854)
Payment of 2013 final dividend	–	–	–	–	–	–	–	(11,708)	(11,708)
Transfer to statutory reserve	–	–	–	442	–	–	442	(442)	–
At 31 December 2014	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(255,130)	(111,909)	(367,039)

19 RESERVES AND RETAINED EARNINGS/(ACCUMULATED DEFICITS) *(continued)*

	Merger reserve (Note a) HK$'000	Capital reserve (Note b) HK$'000	Share option reserve HK$'000	Statutory reserve (note c) HK$'000	Available-for-sale financial assets HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	(Accumulated deficits)/ retained earnings HK$'000	Total HK$'000
For the year ended 31 December 2015									
At 1 January 2015	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(255,130)	(111,909)	(367,039)
Profit for the year	–	–	–	–	–	–	–	181,687	181,687
Other comprehensive income:									
Fair value gain on available-for-sale financial assets	–	–	–	–	142,519	–	142,519	–	142,519
Currency translation differences	–	–	–	–	–	(14,411)	(14,411)	–	(14,411)
Total other comprehensive income	–	–	–	–	142,519	(14,411)	128,108	–	128,108
Total comprehensive income	–	–	–	–	142,519	(14,411)	128,108	181,687	309,795
Exercise of share option	–	–	(1,762)	–	–	–	(1,762)	–	(1,762)
Expiry of share option	–	–	(92)	–	–	–	(92)	92	–
At 31 December 2015	(215,150)	12,411	370	33,987	54,304	(14,798)	(128,876)	69,870	(59,006)

(a) Merger reserve represents the difference between the share capital of the Company and the combined share capital of the subsidiaries (after eliminating intra-group investments and share capital) acquired by the Company pursuant to the Group reorganisation in 2009.

(b) Capital reserve of the Group represents the net assets attributable to non-controlling shareholders which were acquired pursuant to the Group reorganisation in 2009, and is treated as a deemed contribution from equity holders and the release of share-based compensation reserve upon the incentive shares under share incentive scheme approved and adopted by the Group in 2008.

19 OTHER RESERVES AND RETAINED EARNINGS/(ACCUMULATED DEFICITS)
(continued)

(c) The China laws and regulations require companies registered in China to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. All statutory reserves are created for specific purposes. China company is required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

20 BANK BORROWINGS

	2015	2014
	HK$'000	HK$'000
Non-current		
Bank loans, secured	**12,500**	58,333
Current		
Bank loans, secured	**12,500**	99,767
Trust receipts loans, secured	**5,225**	97,477
	17,725	197,244
Total bank borrowings	**30,225**	255,577

The Group's borrowings at the end of the reporting period were repayable as follows:

	2015	2014
	HK$'000	HK$'000
Within one year	**17,725**	197,244
Between one and two years	**12,500**	29,167
Between two and five years	**–**	29,166
	30,225	255,577

20 BANK BORROWINGS *(continued)*

The effective interest rates per annum were as follows:

	2015			2014		
	HK$	**US$**	**Others**	HK$	US$	Others
Bank loans	**2.52%**	**–**	**–**	2.51%	–	–
Trust receipt loans	**–**	**2.11%**	**–**	–	1.98%	1.85%

As at 31 December 2015, the Company's effective interest rate per annum in bank borrowings was 2.44% (2014: 2.31%).

Bank borrowings are secured by corporate guarantees provided by the Company and certain of its subsidiaries.

Certain of the Group's bank facilities are subject to covenants, whereby the Group is required to meet certain key performance indicators. As at 31 December 2014, the Group did not fulfil the tangible net worth as required by banking facility line of approximately HK$30,000,000, in which approximately HK$10,000,000 had been utilised. The lender has not requested early repayment of the loan upon the failure of fulfilment of such covenant clause and the loan was fully repaid in March 2015. As at 31 December 2015, the Group has not breached any of the banking facilities.

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of non-current borrowings, are determined by discounting the future cash flows at the current market interest rate available to the Group and are within Level 2 of the fair value hierarchy.

	2015	2014
	HK$'000	HK$'000
US dollar	**5,225**	95,706
Hong Kong dollar	**25,000**	158,100
Japanese yen	**–**	1,771
	30,225	255,577

21 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following balances, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2015 **HK$'000**	2014 HK$'000
Deferred income tax assets to be recovered after more than 12 months	**–**	(5,992)
Deferred income tax liabilities to be settled after more than 12 months	**11,900**	1,524
	11,900	(4,468)

The gross movements on the deferred income tax liabilities/(assets) are as follows:

	2015 **HK$'000**	2014 HK$'000
At beginning of year	**(4,468)**	(12,020)
Charged to the consolidated statement of comprehensive income (Note 28)	**7,532**	7,552
Transferred to assets classified as held-for-sale (Note 18)	**8,992**	–
Transferred to liabilities classified as held-for-sale (Note 18)	**(156)**	–
At end of year	**11,900**	(4,468)

21 DEFERRED INCOME TAX *(continued)*

The movement in deferred income tax assets and liabilities during the years 2015 and 2014, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation allowance		Unrealised (profits)/losses in inventories		Fair value gains/(losses)		Unrealised profits in financial assets at fair value through profit or loss		Tax loss		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Deferred income tax liabilities/(assets)												
At 1 January	**200**	84	**(5,992)**	(7,188)	**1,324**	1,977	**-**	–	**-**	(6,893)	**(4,468)**	(12,020)
(Credited to)/charged to the consolidated statement of comprehensive income	**(44)**	116	**(3,000)**	1,196	**(654)**	(653)	**11,230**	–	**-**	6,893	**7,532**	7,552
Transferred to (liabilities)/assets classified as held-for-sale (Note 18)	**(156)**	–	**8,992**	–	**-**	–	**-**	–	**-**	–	**8,836**	–
At 31 December	**-**	200	**-**	(5,992)	**670**	1,324	**11,230**	–	**-**	–	**11,900**	(4,468)

As at 31 December 2015, there is no unremitted earnings of the Group's Chinese subsidiary. As at 31 December 2014, deferred income tax liabilities of HK$2,128,000 have not been recognised for the withholding tax and other taxes that would be payable on the unremitted retained earnings of the Group's Chinese subsidiary amounting to HK$42,569,000. In the opinion of the directors of the Company, these retained earnings are to be reinvested.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$1,357,000 (2014: HK$11,630,000) in respect of losses amounting to HK$8,225,000 (2014: HK$69,037,000) that can be carried forward against future taxable income due to uncertainty of availability of future taxable income. Such losses do not have expiry date.

22 TRADE AND BILL PAYABLES

The Group:

	2015 HK$'000	2014 HK$'000
Trade payables	**43,074**	69,489
Bill payables	**1,969**	95
	45,043	69,584

22 TRADE AND BILL PAYABLES *(CONTINUED)*

The ageing analysis of trade and bill payables based on invoice date is as follows:

	2015 **HK$'000**	2014 HK$'000
0 to 30 days	**24,512**	42,022
31 to 60 days	**15,704**	14,253
61 to 90 days	**2,278**	2,886
91 to 120 days	**–**	3,317
Over 120 days	**2,549**	7,106
	45,043	69,584

The carrying amounts of trade and bill payables approximate their fair values.

The carrying amounts of the trade and bill payables are denominated in the following currencies:

	2015 **HK$'000**	2014 HK$'000
RMB	**776**	6,072
US dollar	**41,854**	44,532
Hong Kong dollar	**427**	12,768
EUR	**17**	6,189
Japanese Yen	**1,969**	23
	45,043	69,584

23 ACCRUALS AND OTHER PAYABLES

	2015 **HK$'000**	2014 HK$'000
Current		
Payable for purchase of property, plant and equipment	**–**	1,701
Salary and wages payable	**1,437**	9,098
Accrued operating expenses	**4,307**	2,064
Advance receipts from customers	**6,357**	9,864
Provision for value-added tax and other taxes in China	**3,923**	5,252
Contingent consideration payable in relation to acquisition of a subsidiary (Note)	**–**	9,672
Commission payables	**1,092**	1,368
Other accruals and other payables	**8,397**	12,558
	25,513	51,577

The carrying amounts of accruals and other payables approximate their fair values. As at 31 December 2015, approximately 6% (2014: 37%) of the carrying amounts of accruals and other payables are denominated in RMB, the remainings are mainly denominated in Hong Kong dollar.

Note:

On 16 January 2012, the Group acquired 100% of the issued shares in Gallant Tech Limited. Total consideration amounts to approximately HK$80.2 million, which includes cash payment of HK$58.8 million, amount payable of HK$0.2 million and estimated contingent consideration of approximately HK$21.2 million.

The contingent consideration arrangement requires the Group to pay the former owner of Gallant Tech Group up to a maximum undiscounted amount of approximately HK$27,300,000 based on the net profit of Gallant Tech Group for the years ended 31 December 2012, 31 December 2013 and 31 December 2014.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between HK$0 and HK$27,300,000. The fair value of the contingent consideration arrangement of HK$21,243,000 was estimated by the income approach after discounting the probability weighted earn-out ratio. The fair value estimates are based on a discount rate of 7% and assumed probability-adjusted net profit in Gallant Tech Group of ranging from HK$5,500,000 to HK$11,900,000 for the years ended 31 December 2012, 31 December 2013 and 31 December 2014.

For the year ended 31 December 2015, settlement of HK$10,011,000 (2014: HK$9,002,000) was made to the former owner of Gallant Tech Group based on the net profit of Gallant Tech Group for the year ended 31 December 2014. In addition, an accretion of interest of HK$339,000 at an effective interest rate has been recognised in profit or loss for the contingent consideration arrangement.

24 OTHER (LOSS)/GAIN — NET AND OTHER INCOME — NET

	2015 HK$'000	2014 HK$'000
Other (loss)/gain — net		
Fair value loss on financial assets at fair value through profit or loss	–	(159)
Gain on disposal of available-for-sale financial assets	10,302	5,546
Impairment loss on goodwill	(1,900)	–
Impairment loss on available-for-sale financial assets	(16,800)	–
	(8,398)	5,387
Other income — net		
Forfeiture of trade deposits of a customer	–	3,151
Recovery of bad debt	–	291
License fee income — net	78,234	–
Written off of other payable	1,051	–
Others	2,525	1,516
	81,810	4,958

License fee income — net represents income arising from the transferring of license of certain software, documentation and other intellectual property in relation to FingerQ amounting to HK$93,120,000 net of the carrying value of intangible assets previously capitalised in respect of FingerQ amounted to HK$9,548,000 (Note 18) and other transaction costs amounted to HK$5,338,000.

25 EXPENSES BY NATURE

	2015 HK$'000	2014 HK$'000
Employee benefit expenses (Note 26)	**70,054**	92,293
Directors' and chief executive's emoluments (Note 36)	**3,890**	5,345
Cost of inventories	**393,527**	600,533
Provision for impairment of inventories	**1,000**	11,800
Provision for impairment of property, plant and equipment	**–**	434,500
Provision for impairment of intangible assets	**3,679**	–
Provision for impairment of trade receivables	**3,252**	131
Provision for impairment of prepayments	**637**	–
Auditor's remuneration		
— Audit services	**1,792**	2,437
— Non-audit services	**910**	1,509
Depreciation of property, plant and equipment (Note 6)	**15,152**	66,372
Operating lease rentals — office premises, factory and warehouse	**6,757**	8,453
Amortisation of land use right (Note 7)	**115**	116
Consumables and factory supplies	**622**	1,848
Electricity, water and utilities expenses	**6,725**	11,787
Freight and transportation	**4,759**	6,135
Bank charges	**1,825**	1,591
Other tax levies	**4,198**	3,362
Research and development expenses		
— Employee benefit expenses (Note 26)	**4,069**	5,197
— Amortisation of intangible assets (Note 8)	**16,353**	15,925
Commission expenses	**12,587**	10,269
Advertising and promotion expenses	**3,735**	4,846
Loss on disposal of property, plant and equipment and intangible assets	**444**	2,463
Others	**19,268**	28,580
Total cost of sales, distribution costs and administrative expenses	**575,350**	1,315,492

26 EMPLOYEE BENEFIT EXPENSES (EXCLUDING BENEFITS AND INTERESTS OF DIRECTORS)

	2015 **HK$'000**	2014 HK$'000
Wages and salaries	**65,371**	89,939
Other employee benefits	**3,671**	7,132
Pension costs — defined contribution plans and social security costs	**8,199**	10,538
	77,241	107,609
Less: amount recorded in research and development expenses (Note 25)	**(4,069)**	(5,197)
Less: amount capitalised as intangible assets (Note 8)	**(3,118)**	(10,119)
	70,054	92,293

(i) The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a cap of HK$1,500 since June 2014 (January 2014 to May 2014: HK$1,250) and thereafter contributions are voluntary.

(ii) As stipulated by the rules and regulations in China, the subsidiary operating in China contributes to state-sponsored retirement plans for its employees. The employees contribute approximately 8% of their basic salaries, while the subsidiary contributes approximately 17% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees

(iii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors (2014: two directors), whose emoluments are reflected in the analysis presented in Note 36. The emoluments payable to the remaining three individuals (2014: three individuals) during the year are as follows:

	2015 **HK$'000**	2014 HK$'000
Basic salaries, bonuses, other allowances and benefits in kind	**4,768**	3,227
Retirement benefit — defined contribution scheme	**198**	33
	4,966	3,260

26 EMPLOYEE BENEFIT EXPENSES (EXCLUDING BENEFITS AND INTERESTS OF DIRECTORS) *(continued)*

(iii) Five highest paid individuals *(continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
Under HK$1,000,000	**1**	2
HK$1,000,001–HK$1,500,000	**1**	1
HK$1,500,001–HK$2,000,000	**–**	–
HK$2,000,001–HK$2,500,000	**–**	–
HK$2,500,001–HK$3,000,000	**1**	–

No inducement for joining the Group or compensation for loss of office was paid or payable to any five highest paid individuals during the year (2014: Same).

27 FINANCE INCOME/(COSTS) — NET

	2015	2014
	HK$'000	HK$'000
Finance income		
— Interest income on bank deposits	**8,221**	4,555
	8,221	4,555
Finance costs:		
— Bank loans	**(4,869)**	(4,008)
— Finance lease obligations	**–**	(6)
— Trust receipt loans	**(1,281)**	(1,137)
— Notional accretion of interest on contingent consideration payable	**(339)**	(874)
	(6,489)	(6,025)
Net finance income/(costs) — net	**1,732**	(1,470)

28 INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Current income tax		
— Hong Kong profits tax	**7,800**	3,018
— Overseas and PRC income tax	**9,743**	3,038
	17,543	6,056
Under/(over)-provision in prior years	**57**	(5,922)
	17,600	134
Deferred income tax (Note 21)	**7,532**	7,552
	25,132	7,686

Provision for income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (2014: 16.5%).

The statutory income tax rate applicable to entities operating in the PRC is 25% (2014: 25%). A 5% withholding income tax is also imposed on dividends relating to profits remitted from the Chinese subsidiary.

Overseas income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the country in which the Group operates.

28 INCOME TAX EXPENSE *(continued)*

The taxation on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits in the respective jurisdiction as follows:

	2015 HK$'000	2014 HK$'000
Profit/(loss) before income tax	**206,819**	(575,466)
Tax calculated at domestic tax rates applicable to profits in the respective jurisdiction	**23,102**	(136,068)
Income not subject to tax	**(190)**	(725)
Expenses not deductible for tax purposes	**8,200**	139,978
Tax effects of associates' results reported net of tax	**796**	221
Under/(over) provision in prior years	**57**	(5,922)
Utilisation of previously unrecognised tax losses	**(10,273)**	–
Tax loss not recognised	**3,440**	10,202
Income tax expense	**25,132**	7,686

29 EARNINGS/(LOSS) PER SHARE

(a) Basic

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	2015 HK$'000	2014 HK$'000
Profit/(loss) from continuing operations attributable to equity holders of the Company (HK$'000)	**181,687**	(583,152)
Weighted average number of ordinary shares in issue (thousands)	**7,704,980**	2,927,084
Basic earnings/(loss) per share from continuing operations (expressed in HK cents per share)	**2.36**	(19.92)

29 EARNINGS/(LOSS) PER SHARE *(continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015 HK$'000	2014 HK$'000
Earnings/(loss)		
Profit/(loss) attributable to equity holders of the Company (HK$'000)	**181,687**	(583,152)
Weighted average number of ordinary shares in issue (thousands)	**7,704,980**	2,927,084
Adjustments for:		
— Share options (thousands)	**3,774**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,708,754**	2,927,084
Diluted earnings/(loss) per share from continuing operations (expressed in HK cents per share)	**2.36**	(19.92)

30 DIVIDENDS

	2015 HK$'000	2014 HK$'000
2015 proposed final dividend — HK0.25 cents (2014: Nil) per share	**53,871**	–
2014 final dividend paid — Nil (2013 final dividend paid: HK0.4 cents) per share	**–**	11,708
	53,871	11,708

31 CASH USED IN OPERATIONS

	2015 HK$'000	2014 HK$'000
Profit/(loss) before income tax	**206,819**	(575,466)
Adjustments for:		
— Finance income (Note 27)	**(8,221)**	(4,555)
— Finance costs (Note 27)	**6,489**	6,025
— Depreciation of property, plant and equipment (Note 6)	**15,152**	66,372
— Amortisation of land use right (Note 7)	**115**	116
— Amortisation of intangible assets (Note 8)	**16,353**	15,925
— Loss on disposal of property, plant and equipment and intangible assets	**444**	2,463
— Gain of disposal of available-for-sale financial assets (Note 24)	**(10,302)**	(5,546)
— Fair value loss on financial assets at fair value through profit or loss (Note 24)	**–**	159
— Provision for impairment of inventories	**1,000**	11,800
— Provision for impairment of trade receivables	**3,252**	131
— Provision for impairment of property, plant and equipment	**–**	434,500
— Provision for impairment of intangible assets	**15,127**	–
— Provision for impairment of available-for-sale financial assets	**16,800**	–
— Reversal of provision of impairment loss on trade receivables	**–**	(291)
— Write-off of current and non-current prepayment	**637**	1,063
— Share of loss of associates (Note 10)	**624**	3,786
— Impairment provision for associates (Note 10)	**4,200**	6,119
Operating profit/(loss) before working capital changes	**268,489**	(37,399)
Changes in working capital:		
— Inventories	**36,823**	30,184
— Trade receivables	**2,291**	73,923
— Prepayments, deposits and other receivables	**6,577**	13,903
— Financial assets at fair value through profit or loss	**(343,715)**	–
— Amount due from a related party	**2,684**	–
— Trade and bill payables	**(7,341)**	(85,408)
— Accruals and other payables	**(11,046)**	(44,907)
Cash used in operations	**(45,238)**	(49,704)

31 CASH USED IN OPERATIONS *(continued)*

In the consolidated statement of cash flows proceeds from disposal of property, plant and equipment and intangible assets comprise:

	2015	2014
	HK$'000	HK$'000
Net book amount of property, plant and equipment (Note 6)	**531**	2,483
Loss on disposal of property, plant and equipment and intangible assets	**(444)**	(2,463)
Proceeds from disposal of property, plant and equipment and intangible assets	**87**	20

32 OPERATING LEASE COMMITMENTS

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease expenditure expensed in the consolidated statement of comprehensive income during the year is disclosed in Note 25 to the consolidated financial statements.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group were as follows:

	2015	2014
	HK$'000	HK$'000
Not later than one year	**5,516**	6,373
Later than one year and not later than five years	**1,875**	4,692
	7,391	11,065

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) The Group has renewed a three-year residential premises lease agreement with Mr. Wong Kwok Fong on 15 December 2013, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong's certain residential premises in Jiangmen, the PRC, at an annual rental of RMB1,200,000 as residences for the Group's senior management ("Existing Lease Agreement"). The Existing Lease Agreement was early terminated on 31 December 2014, and a new lease agreement was entered to renew the Existing Lease Agreement for a term of three years commencing from 1 January 2015 at an annual rental of RMB408,000.

(b) Key management compensation

	2015 **HK$'000**	2014 HK$'000
Directors' fees	**2,113**	1,886
Basic salaries, housing allowances, other allowances and benefits in kind	**7,934**	7,398
Contributions to pension plans	**228**	68
	10,275	9,352

(c) During the year, Mr. Wong Kwok Fong provided certain premises to the Group's employees as staff quarters at no charge (2014: Same).

(d) Mr. Wong Kwok Fong and Ms. Ching Pui Yi (together, the former "Controlling Shareholders") have agreed to fully indemnify the Group and hold the Group harmless for all costs and expenses in relation to the Group's failure to obtain the requisite licenses and permits and any demolish costs for certain properties of the Group.

(e) A loan has been advanced to Mr. Kam Yun Kwong, a key management executive of the Group in April 2014. The loan is interest bearing at HIBOR plus 2% per annum and was fully repaid during the year.

34 SHARE-BASED PAYMENTS

Share options were granted to executive and independent non-executive directors, certain members of the senior management and employees of the Company on 17 June 2013 (the "Date of Grant"). The exercise price of the granted options is HK$0.42. Options are granted unconditionally and vested immediately on the Date of Grant. The options are exercisable in ten years starting immediately from the date of grant. The Group has no legal or constructive obligation to repurchase or settle options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2015		2014	
	Exercise price in HK$ per share option	**Options (thousands)**	Exercise price in HK$ per share option	Options (thousands)
At 1 January	**0.42**	**12,020**	0.42	12,020
Granted	**–**	**–**	–	–
Exercised	**–**	**(9,520)**	–	–
Expired	**–**	**(500)**	–	–
At 31 December	**0.42**	**2,000**	0.42	12,020

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		Options (thousands)	
	Exercise price in HK$ per share option	**2015**	2014
Expiry date			
16 June 2023	0.420	**2,000**	12,020

All outstanding options were exercisable upon the date of grant. 9,520,000 options were exercised during the year ended 31 December 2015 (2014: Nil).

The fair value of options granted in the prior year determined using Binomial-Model was HK$0.185 per option. The significant inputs into the model was share price of HK$0.41 at the Date of Grant, exercise price shown above, volatility of 65%, dividend yield of 2%, an expected option life of ten years and an annual risk-free interest rate of 1.59%. The volatility is assumed based on the daily share price volatility of the Company and comparable companies for a historical observation period equal to the life of the options. Since the Company has a trading history shorter than the life of the options, volatility was calculated with reference to comparable companies listed in Hong Kong and in the same industry as the Company.

No share option expenses was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2015 (2014: Nil).

35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**–**	250,000
Current assets			
Other receivables		**2,291**	779
Amounts due from subsidiaries		**1,681,488**	916,907
Cash and cash equivalents		**2,645,948**	102,079
		4,329,727	1,019,765
Total assets		**4,329,727**	1,269,765
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital		**2,154,860**	292,708
Share premium		**2,054,151**	565,489
Other reserves and (accumulated deficits)/retained earnings		**(324,856)**	44,260
	Note (a)	**3,884,155**	902,457
LIABILITIES			
Non-current liabilities			
Bank borrowings		**12,500**	25,000

35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Current liabilities		
Accrual and other payables	**4,752**	3,375
Amounts due to subsidiaries	**415,820**	301,433
Bank borrowings	**12,500**	37,500
	433,072	342,308
Total liabilities	**445,572**	367,308
Total equity and liabilities	**4,329,727**	1,269,765

Note (a):

Equity movement of the Company

	Share capital	**Share premium**	**Capital reserve** (Note)	**Retained earnings/ (accumulated deficit)**	**Share option reserve**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014	292,708	565,489	34,750	5,331	2,224	900,502
Profit for the year	–	–	–	13,663	–	13,663
Payment of 2013 final dividend	–	–	–	(11,708)	–	(11,708)
At 31 December 2014	292,708	565,489	34,750	7,286	2,224	902,457
At 1 January 2015	292,708	565,489	34,750	7,286	2,224	902,457
Loss for the year	–	–	–	(367,354)	–	(367,354)
Proceeds from share issued	1,862,152	1,488,662	–	–	(1,762)	3,349,052
Expiry of share option	–	–	–	92	(92)	–
At 31 December 2015	2,154,860	2,054,151	34,750	(359,976)	370	3,884,155

Note: Capital reserve of the Company arising from the Group reorganization in 2009 represents the difference between the nominal value of shares issued by the Company pursuant to the reorganisation and the aggregated net assets values of subsidiaries acquired.

The financial statements were approved by the Board of Directors on 11 March 2016 and were signed on its behalf.

Yao Jianhui
Chairman

Li Min bin
Director

36 BENEFITS AND INTERESTS OF DIRECTORS

Directors' and chief executive's emoluments

The remuneration of every director and the chief executive of the Company paid/payable by the Group for the year ended 31 December 2015 is set out below:

Name of director	Fees	Salary	Discretionary bonuses (Note h)	Housing allowance	Employer's contribution to pension scheme	Share-based compensations	Emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors								
Yao Jianhui (Note a)	177	456	93	–	6	–	–	732
Li Minbin (Note b)	116	–	–	–	–	–	–	116
Zhang Bowen (Note c)	122	–	–	–	–	–	–	122
Wong Kwok Fong (Note d)	424	587	–	–	–	–	–	1,011
Ching Pui Yi (Note d)	282	364	–	–	11	–	–	657
Tan Hui Kiat (Note d)	88	264	–	–	–	–	–	352
Non-executive director								
Huang Wei (Note e)	145	–	–	–	–	–	–	145
Independent non-executive directors								
Wong Chun Bong	288	–	–	–	–	–	–	288
Lee Kwan Hung (Note f)	23	–	–	–	–	–	–	23
Lee Kwok On, Matthew	216	–	–	–	–	–	–	216
Chan Wai (Note g)	228	–	–	–	–	–	–	228
	2,109	1,671	93	–	17	–	–	3,890

36 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

The remuneration of every director and the chief executive of the Company paid/payable by the Group for the year ended 31 December 2014 is set out below.

Name of director	Fees	Salary	Discretionary bonuses (Note h)	Housing allowance	Employer's contribution to pension scheme	Share-based compensations	Emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors								
Wong Kwok Fong	500	2,221	–	–	–	–	–	2,721
Ching Pui Yi	480	690	–	–	17	–	–	1,187
Tan Hui Kiat	150	531	–	–	–	–	–	681
Independent non-executive directors								
Wong Chun Bong	288	–	–	–	–	–	–	288
Lee Kwok On, Matthew	216	–	–	–	–	–	–	216
Chan Wai	252	–	–	–	–	–	–	252
	1,886	3,442	–	–	17	–	–	5,345

Note a: Appointed on 3 August 2015
Note b: Appointed as non-executive director on 3 August 2015 and re-designated as executive director on 27 November 2015
Note c: Appointed on 3 August 2015 and resigned on 27 November 2015
Note d: Resigned on 3 August 2015
Note e: Appointed as Executive director on 3 August 2015 and re-designated as non-executive director on 27 November 2015
Note f: Appointed on 27 November 2015
Note g: Resigned on 27 November 2015
Note h: Discretionary bonuses are determined on the performance of the employees

36 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

No directors waived or agreed to waive any emoluments during the year. No inducement for joining the Group or compensation for loss of office was paid or payable to any directors during the year (2014: Same).

The remuneration shown represented remuneration received from the Group by these directors in their capacity as employee to the Group and/or in their capacity as directors of the Company.

During the year ended 31 December 2015, the Group does not pay consideration to any third parties for making available directors' services (2014: Nil).

As at 31 December 2015, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2014: Nil).

Save as disclosed in Note 34, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: Nil).

37 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

(1) On 12 January 2016, the Group entered into a subscription agreement with Shenzhen B&K New Energy Co. Ltd. ("Shenzhen Enterprise"), pursuant to which, the Group has conditionally agreed to subscribe, and the Shenzhen Enterprise has agreed to allot and issue to the Group, shares at a consideration of RMB360,000,000 (equivalent to approximately HK$425,844,000). Upon completion, the Group will hold approximately 50% interest in the Shenzhen Enterprise and have control of the Board of the Shenzhen Enterprise, which in turn will become a subsidiary of the Group.

(2) On 3 February 2016, the Group entered into a subscription agreement with ZhangJiang Jifutong Financial Service Joint Stock Company Limited ("ZhangJiang Enterprise"), pursuant to which, the Group has conditionally agreed to subscribe, and the ZhangJiang Enterprise has conditionally agreed to issue to the Group, shares at a consideration of RMB50,000,000 (equivalent to approximately HK$59,140,000). Upon completion of the subscription and the subscription made by another current shareholder of the ZhangJiang Enterprise, the Group will hold approximately 33.21% interest in the ZhangJiang Enterprise. Accordingly, the ZhangJiang Enterprise will become an associate of the Company. In addition, the Group, the Existing Shareholder of the ZhangJiang Enterprise and the ZhangJiang Enterprise entered into an option agreement, pursuant to which, among others, the Group has been granted the right to request the ZhangJiang Enterprise or the existing shareholder (as the case may be) to repurchase or purchase the Subscription Shares under certain circumstances.

(3) On 29 January 2016, the Group entered into a memorandum of understanding with several existing shareholders of Hang Fat Ginseng Holdings Company Limited ("Target Company") in relation to its proposed acquisition of a majority stake in the Target Company ("Proposed Transaction"). Nonetheless, after preliminary due diligence conducted by the Group, the Group has decided not to proceed with the Proposed Transaction and terminated the memorandum of understanding.

(4) On 26 February 2016, the Group entered into a memorandum of understanding, pursuant to which, the Group has agreed to sell, and the purchaser has agreed to purchase, the entire registered capital of a wholly-owned subsidiary of the Group.

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