JU TENG INTERNATIONAL HOLDINGS LIMITED
巨騰國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336

ANNUAL REPORT 2015

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CORPORATE INFORMATION

Executive Directors

Mr. Cheng Li-Yu *(Chairman)*
Mr. Cheng Li-Yen
Mr. Huang Kuo-Kuang
Mr. Hsieh Wan-Fu
Mr. Lo Jung-Te
Mr. Tsui Yung Kwok

Independent Non-executive Directors

Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

Authorised Representatives

Mr. Cheng Li-Yu
Mr. Tsui Yung Kwok

Company Secretary

Mr. Tsui Yung Kwok *CA, CPA, ACS*

Audit Committee

Mr. Cherng Chia-Jiun *(Chairman)*
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

Remuneration Committee

Mr. Cherng Chia-Jiun *(Chairman)*
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

Nomination Committee

Mr. Cheng Li-Yu *(Chairman)*
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

Corporate Governance Committee

Mr. Yip Wai Ming *(Chairman)*
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu

Legal Advisers as to Hong Kong Laws

Chiu & Partners

Auditors

Ernst & Young

Principal Bankers

ANZ Bank
Bank of China
Bank SinoPac
Chang Hwa Commercial Bank
China Development Industrial Bank
CTBC Bank
DBS Bank
E.Sun Bank
Fubon Bank
Mega International Commercial Bank
Public Bank
Taishin International Bank
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Yuanta Commercial Bank

Registered Office

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Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Suites 3311-3312, Jardine House
1 Connaught Place, Central
Hong Kong

Principal Place of Business in the People's Republic of China

No.2 Gua Jing Road
Song Ling Town Economic Development District
Wu Jiang City, Jiang Su
The PRC

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
PO Box 1586
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, Wanchai
Hong Kong

Website

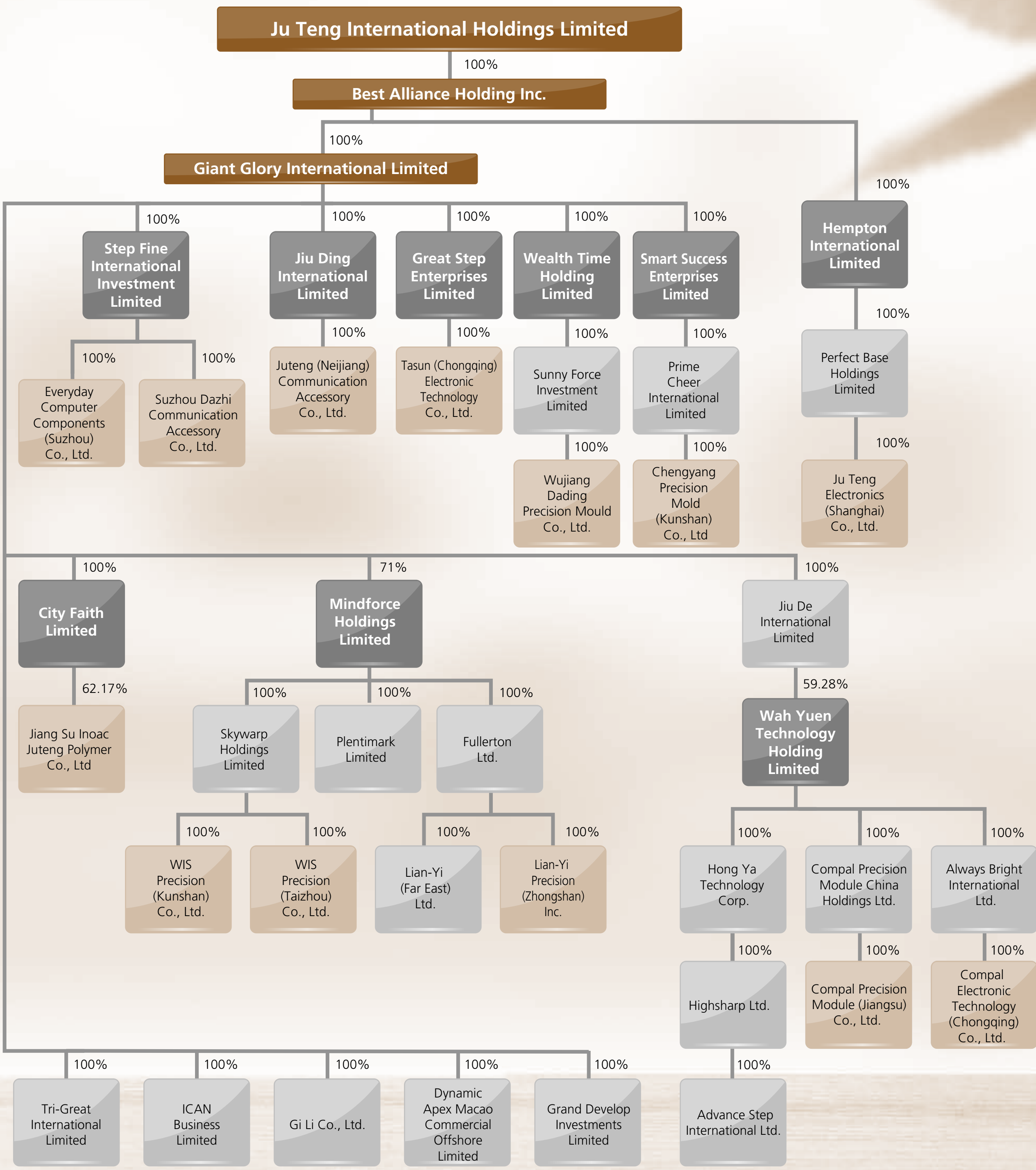
www.irasia.com/listco/hk/juteng

Stock Code

3336.HK and 9136.TT

GROUP STRUCTURE

As at 31 December 2015



FINANCIAL HIGHLIGHTS

	Notes	2015	2014	Changes
Operating Results:				
Revenue (HK$ million)		**8,936**	9,571	-6.6%
Profit attributable to equity holders of the Company (HK$ million)		**875**	765	+14.4%
Earnings per share				
Basic (HK cents)		**76.9**	65.4	+17.6%
Diluted (HK cents)		**74.7**	62.7	+19.1%
Dividends per share (HK cents)		**15**	15	–
Profitability Ratio:				
Gross profit margin		**21.3%**	18.9%	+2.4%
Operating profit margin	1	**12.8%**	10.6%	+2.2%
Net profit margin		**9.8%**	8.0%	+1.8%
EBITDA (HK$ million)		**2,220**	1,891	+17.4%
Return on equity	2	**13.4%**	12.0%	+1.4%
Liquidity and Capital Ratio:				
Inventory turnover days	3	**67**	64	+4.7%
Trade receivables turnover days	4	**126**	126	–
Trade and bills payables turnover days	5	**55**	63	-12.7%
Interest coverage	6	**1,374.2%**	1,219.5%	+154.7%
Net debt to equity	7	**42.4%**	39.6%	+2.8%
Cash flow from operating activities (HK$ million)		**1,536**	2,242	-31.5%

Notes:

(1) Operating profit margin equals operating profit divided by revenue. Operating profit includes gross profit, net of selling and distribution expenses, and administrative expenses.

(2) Return on equity equals profit attributable to equity holders of the Company divided by the average of the beginning and closing balance of equity attributable to equity holders of the Company.

(3) Inventory turnover days is equal to the closing balance of inventories divided by cost of sales and multiplied by the number of days in the year.

(4) Trade receivables turnover days is equal to the closing balance of trade receivables divided by revenue and multiplied by the number of days in the year.

(5) Trade and bills payables turnover days is equal to the closing balance of trade and bills payables divided by cost of sales and multiplied by the number of days in the year.

(6) Interest coverage ratio equals profit before tax and finance costs divided by finance costs.

(7) Net debt to equity equals net debt divided by net assets. Net debt includes all interest-bearing bank borrowings net of cash and cash equivalents.

Ju Teng continued to outperform the challenging PC market

In 2015, the growth rate of the developed world slowed down, and that of the emerging markets and the developing countries plunged. The global economic growth was below the general estimation. According to Gartner Inc., a research and advisory firm, the global shipment of personal computers (PC) plunged by 8%. The revenue of Ju Teng International Holdings Limited (the "Company" or "Ju Teng"), and its subsidiaries (collectively, the "Group") was affected by the challenging market and reduced approximately 6.6% to approximately HK$8,936 million. With the leading position in notebook computer casing, and broad spectrum of products that meet the market demands, Ju Teng managed to outperform the overall market amidst the challenging market conditions. During the year, the profit attributable to the equity holders of the Company amounted to approximately HK$875 million (2014: HK$765 million).

Optimized product mix to maintain leading position

Notebook computer casing is Ju Teng's core business and primary source of income. The decline of notebook computer shipment put a certain extent of pressure on manufacturers' pricing strategies, yet, Ju Teng maintained its leading position in the global notebook computer casing market, and its market share continued to be stable. Amidst the market turbulences, the Company adopted a market-oriented approach, and followed closely the trends of high-end notebook computer market. Ju Teng fine-tuned its product mix and increased the production of high-end notebook computer and 2-in-1 PC casing in 2015.

For the material aspect, Ju Teng has always been market-oriented, seeking balance among plastic, metal, and composite material casing, and facilitating the production of metal casing which enjoys higher profit margin. To meet the increasing demand of metal casing, the Group expanded its computerized numerical controls (CNC) equipment for metal casing during the year. The profit margin of metal casing is higher, therefore it effectively enhanced the profitability of the Group. As driven by the sales of metal casing, Ju Teng's gross profit margin increased to approximately 21.3% from 2014's approximately 18.9%.

Prospect

For the aspect of market, Microsoft announced that the official technical support of Windows 7 will cease in 2020. Windows 7 presently represented 55.68% of the overall PC in use, and its usage for both personal users and corporate were considerably high. PC installed with Windows 7 since its launched in 2011 have been used for 4 to 5 years. On the above basis, another wave of PC replacements is therefore expected to come.

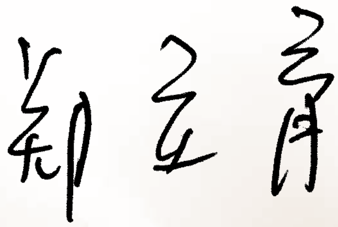
Ju Teng leveraged its advantage and extensive experience in notebook computer casing, and founded the longstanding and sound relationship with notebook computer brands/manufacturers, contributing a good foundation of the Group for product diversification.

As tablet PCs serves as products between smartphones and notebook computers, its functions are limited and are expected to be gradually replaced by 2-in-1 PC and large-screen smartphones. The growth of smartphones as impacted by the global economic climate slowed down. Ju Teng's market share and operations on notebook computer casing are considerably mature, and its 2-in1 PC casing business also achieves stable development, the impact of adverse market conditions is believed to have been considerably mitigated. In addition, the continuous growth of the shipment for smartphones is also favourable to Ju Teng for its development of smartphone casing business.

The growth momentum of high-end smart devices maintains vigorous. It is favourable to the development of metal and composite material casing. Ju Teng will continue to leverage its sensible market insights and effective operating strategies, seize opportunities in the market, fine-tune its product mix and the proportions for each of the products, so as to optimize its profit structure and further enhance profit margin.

CHAIRMAN'S STATEMENT

Lastly, I would like to hereby express the gratitude for the support and trust of every shareholder and the gratitude for the dedication of the entire staff of the Company which contributed to the Group's outstanding performance through the market turbulences. Ju Teng will continue to endeavor for excellence and more encouraging results.



Cheng Li-Yu
Chairman

Hong Kong
14 March 2016

Business Review & Prospects

The growth rate of the global economy, as clouded by a series of uncertainties and downward indexes, slowed down in 2015. The path for recovery was bumpy and difficult. The global personal computer ("PC") market lacked market drivers such as PC replacements and further contracted in 2015. According to the latest research of Gartner Inc., a research and advisory firm, the global PC shipment amounted to 288.7 million in 2015, representing a decrease of 8% as compared to that of 2014. However, being one of the world's largest notebook computer casing manufacturers, Ju Teng leveraged its profound flexible development strategy and diverse product mix, outperformed the challenging market conditions and achieved profit growth during the year.

Windows 10 was launched during the year and its download rate gradually picked up, therefore, the market looked forward to a new wave of PC replacements. However, the US dollar was strong, and the notebook computer brands were committed to reducing their inventories over the past year, causing notable decrease of notebook computer shipment. During the year, the revenue of Ju Teng's notebook computer casing decreased, resulting in a decrease of the total revenue of the Group. In addition, as a product between notebook computers and mobile phones, tablet PCs encounter certain limitations in terms of functions and is gradually replaced by 2-in-1 PC and large-screen mobile phones. According to the latest report of TrendForce Co., Ltd. ("TrendForce"), a market research institute, the global tablet PC shipment dropped 12.2% year-on-year to 168.5 million in 2015. The Group had targeted 2-in-1 PC which rode on a growth trend, and provided casing of 2-in-1 PC for a renounced information technology company, which contributed considerable revenue for the Group in 2015.

Smartphone shipment continued to grow during the year. According to the latest report of TrendForce, the global smartphone shipment grew 10.3% year-on-year to 1.293 billion. The Group tapped into smartphone casing in August 2013 and has kept abreast of the international market, in particular with the design trends of the major smartphone brands, so as to adjust its product mix in a timely fashion. During the year, the Group expanded its CNC equipment for metal casing that enjoys higher profit margin. Ju Teng will ride on the trend and seek cooperation with smartphone brands with a view to securing more orders.

For the aspect of materials, Ju Teng, being a top smart device casing manufacturer, leverages its deep-rooted expertise in manufacturing and research, and possesses sophisticated techniques in plastic, metal and composite material casings. The Chongqing plant has commenced operation, and is ready for large-scale orders. It further enhances the Group's production capacity in metal casing, and expands the proportion of the high-profit-margin products, contributing to Ju Teng's profit growth.

Looking ahead, International Data Corporation ("IDC") estimates that the global PC market in 2016 may shrink by 3.1%, but may grow by 1% to 2% when taking into account hybrid notebook computers. That being said, hybrid notebook computers will continue to be the key growth driver of the PC market. Hence, the Group expects the 2-in-1 PC casing business will continue to flourish. There will be possibly more opportunities for cooperation with different hybrid notebook computer producers. 2-in-1 PC generally adopt magnesium or aluminum alloy for casing. It reflects the demand trend of metal casing driven by high-end hybrid notebook computers and shows that the Group's strategy to expand metal casing production capacity has been a sensible decision.

Microsoft announced on 12 January 2016 that it will cease to give technical support to Windows 8 and Internet Explorer 11. Users must upgrade to Windows 8.1 or 10 to maintain the security updates. Up to the present, some enterprises have gradually upgraded Windows and launched actions to replace their computers. It is expected that this trend will gradually extend to individual users. This is expected to bring about positive impact to notebook computer shipment in 2016. Hence, the Group maintains an optimistic view toward notebook computer casing business in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

2015 is the 10th anniversary of Ju Teng's listing on Hong Kong Stock Exchange. Ju Teng has been profoundly executed effective strategies over the 10 years. The Group's revenue and profit attributable to shareholders respectively grew to approximately HK$8,936 million and approximately HK$875 million respectively in 2015 from approximately HK$2,672 million and approximately HK$192 million respectively in 2005. In addition, the Group's net assets value also grew to approximately HK$7,927 million as at 31 December 2015 from approximately HK$1,239 million as at 31 December 2005. Ju Teng will continue to be demand-oriented, and progressively adjust its business strategies, flexibly optimize its product mix, and reasonably allocate the production capacity, so as to achieve further growth of revenue and profit. The management of the Group is confident that Ju Teng is able to leverage its resilience and continue to flourish in the next decade.

Financial Review

During the year, the Group continued its strategy to launch premium products and boosted its metal casings operation to compensate the sluggish demand for notebook computers. There was a decrease of the Group's revenue of approximately 6.6% to approximately HK$8,936 million (2014: HK$9,571 million). Due to the higher gross margin on the sales of metal casings, the Group's gross profit margin during the year raised to approximately 21.3% (2014: 18.9%).

Other income and gains of the Group mainly consists of subsidy income of approximately HK$44 million (2014: HK$129 million) and exchange gains of approximately HK$74 million (2014: HK$2 million). During the year, the Group recorded a decrease of approximately 12.4% in other income and gains to approximately HK$154 million (2014: HK$176 million), due to the combined effect of the substantial decrease in various government subsidies received by certain subsidiaries of the Company in the People's Republic of China (the "PRC") and increase in foreign exchange gains.

Since there was no establishment of new production plant and a decrease in sales, the Group recorded a decrease in operating costs, including administrative expenses, and selling and distribution costs, of approximately 4.0% to HK$759 million (2014: HK$790 million), accounting for approximately 8.5% (2014: 8.3%) of the Group's revenue.

Due to the incurrence of an one-off impairment on property, plant and equipment in the amount of approximately HK$47 million in 2014, the Group recorded a decrease in other expenses of approximately 34.0% to approximately HK$61 million (2014: HK$92 million) for the year, accounting for approximately 0.7% (2014: 1.0%) of the Group's revenue.

Finance costs of the Group of approximately HK$90 million (2014: HK$90 million) for the year remained stable. Interest capitalised during the year was approximately HK$7 million (2014: HK$14 million).

Income tax expenses of the Group increased by approximately 10.8% to approximately HK$205 million (2014: HK$185 million) for the year as compared to that of 2014, resulting from the increase in profit before tax.

The profit attributable to equity holders of the Company for the year amounted to approximately HK$875 million (2014: HK$765 million), representing an increase of approximately 14.4% when compared to that of last year. The increase in the profit attributable to equity holders was mainly attributable to the increase in the Group's gross profit.

Liquidity and Financial Resources

As at 31 December 2015, total bank borrowings of the Group amounted to approximately HK$4,904 million (31 December 2014: HK$4,718 million), representing an increase of approximately 3.9% as compared to that of 31 December 2014. The Group's bank borrowings include short-term loans with 1-year maturity, 2-year term loans and 3-year revolving syndicated loans. As at 31 December 2015, the Group's bank loans denominated in United States dollar ("USD") and New Taiwan Dollars were approximately HK$4,848 million (31 December 2014: HK$4,658 million) and approximately HK$56 million (31 December 2014: HK$60 million) respectively.

During the year, the Group's cashflow from operating activities decreased to approximately HK$1,536 million from approximately HK$2,242 million last year mainly due to the decrease in other payables and accruals and tax payable. As a result of the purchase of production equipment for the expansion of production capacity in metal casings, the Group recorded a net cash outflow from investing activities of approximately HK$1,358 million (2014: HK$1,826 million). During the year, due to the repurchase and cancellation of 67,180,000 ordinary shares, the Group recorded a net cash outflow from financing activities of approximately HK$140 million (2014: a net cash inflow of HK$161 million). As at 31 December 2015, the Group had cash and bank balances of approximately HK$1,541 million (31 December 2014: HK$1,564 million).

As at 31 December 2015, the Group's gearing ratio, calculated as total bank borrowings of approximately HK$4,904 million (31 December 2014: HK$4,718 million) divided by total assets of approximately HK$15,456 million (31 December 2014: HK$16,132 million) was 31.7% (31 December 2014: 29.2%). The increase in gearing ratio was due to the decrease in total assets and increase in total bank borrowings.

In order to strengthen the equity base of the Company and increase the Company's working capital, a bonus issue of warrants (the "Warrants") was made by the Company on 15 April 2015, resulting 143,954,000 Warrants being issued. Each Warrant entitles the warrant holder thereof to subscribe for one warrant share at the initial subscription price of HK$4.60 per warrant share (subject to adjustment) at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive). On the basis of the maximum number of Warrants to be issued and based on the subscription price per warrant share, the net proceeds of the Warrants is estimated to be approximately HK$662 million. It is intended that 70% of the net proceeds will be used for the purchase of production equipment and construction of production plant and 30% of the net proceeds will be used as general working capital of the Group depending on its business needs at the relevant time. During the year, the Company raised a gross proceed of approximately HK$63 million upon exercise of subscription rights attached to the 13,671,185 Warrants by certain warrant holders.

Financial Ratios

Inventory turnover days of 67 days (2014: 64 days) of the Group for the year was slightly higher than that of 2014 due to the decline in sales during the year. There was a decrease in the Group's inventories of approximately 4.4% to approximately HK$1,296 million as at 31 December 2015 from approximately HK$1,355 million as at 31 December 2014.

Trade receivables turnover days of 126 days (2014: 126 days) of the Group for the year remained stable. Trade receivables as at 31 December 2015 was decreased to HK$3,080 million (31 December 2014: HK$3,313 million), which was attributable to the decline in sales for the year.

Trade and bills payables turnover days of the Group for the year decreased to 55 days (2014: 63 days). This is consistent with the credit period granted by the Group's suppliers.

Pledge of Assets

As at 31 December 2015 and 31 December 2014, the Group did not have any leasehold land and buildings and machinery pledged to secure banking facilities granted to the Group.

As at 31 December 2015 and 31 December 2014, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

Foreign Exchange Exposure

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in Renminbi ("RMB"), the appreciation of value of RMB will have adverse effect on the Group's profitability and vice versa. Accordingly, the Group has entered into forward foreign exchange contracts as needed to mitigate possible exchange losses in relation to the fluctuations in the values of the USD and RMB.

Employees

As at 31 December 2015, the Group had approximately 34,000 employees (31 December 2014: 39,000 employees). The Group recorded staff costs (excluding directors' remuneration) of approximately HK$2,096 million (2014: HK$2,294 million).

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

Capital Commitment

As at 31 December 2015, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of land, buildings, machinery and office equipment amounted to approximately HK$110 million (31 December 2014: HK$232 million).

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Environmental Protection

The current environmental protection laws and regulations promulgated by the PRC government impose a progressive scale of fees for the discharge of waste materials and require the payment of fines for pollution and the closure of any facility which causes serious environmental problems. Production plants are required to have environmental protection facilities designed to operate simultaneously with the production facilities. Due to the nature of the businesses of the Group, a certain level of noise, certain amount of waste water and solid waste production materials will be produced during the production processes. Therefore, the Group is required to satisfy tests carried out from time to time by relevant local environmental regulatory authorities for smoke emissions, noise level, solid waste disposal and waste water discharges. Non-compliance with any environmental laws, rules or regulations may, depending on the seriousness of the violation, result in an order for rectification from the authorities, penalties, or an order for cessation of production.

Supply Chain Management

Ju Teng holds supply chain management in high regard and strives to select quality suppliers through an open and transparent screening process to achieve mutual benefits. Under the same conditions, priority will be given to suppliers who stick to standard management practices and actively fulfil their social responsibility. In addition, all suppliers must provide their company background and product information for supervision and inspection by the Group. The Group will also review and assess the performance of suppliers annually to decide whether to continue cooperating with them, and such reviews will also be taken into consideration when identifying other suppliers.

Product Liability and Customers' Relationship

Ju Teng maintains well-established quality inspection procedures to ensure all products to meet quality standards. Products from the production lines are subject to inspection by its quality management department before they are qualified for storage or delivery. The Group has also in place a set of product recall procedures to ensure that customer claims are properly addressed in case of quality issues.

The Group's customers are mainly global well-known notebook computer manufacturers and brand owners. They purchased products of the Group by way of a single order on request and therefore, the Group did not enter into any long-term sales contracts with any major customers. The Group has established good and long-term business relationship with the customers, and believe that these customers will continue to place the purchase orders to the Group. Meanwhile, the Group will actively seek for the new customers, in order to minimize the possible negative impact on the Group's business and profitability resulting from the discontinuance of order from any major customer.

Occupational Safety

The Group has formulated occupational safety management system and is in compliance with the Production Safety Law of the PRC and other requirements set out in relevant laws and regulations. The Group also holds educational activities of occupational safety including the publicity of relevant laws and regulations. Moreover, new employees have to receive safety orientation training and special operations staff such as electricians and forklift operators have to be certified. The Group also holds training on safety techniques, responsibilities and systems for staff in various positions from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources Management

Diverse staff allows Ju Teng to be flexible on serving customers around the world.

Each of the Ju Teng's management members is top talents in the industry, and possesses solid professional backgrounds. They serve as the backbone of the Group's development.

Ju Teng has a comprehensive internal promotion pipeline. To keep up with the market dynamics, it deploys talented executives through a system of human resources assessment, so that each of the staff may leverage its strengths, contribute to the swift growth, and maintain stable operation and flexibilities of the organization.

Ju Teng's culture emphasizes professional division of labour, team spirits and on-site management. Ju Teng pursues increasingly profound qualities and technologies through requirements on discipline and efficiency and maximization of the economics of scale.

The Group has operated a share option scheme since 2005. The previous share option scheme of the Company adopted in 2005 was terminated and a new share option scheme of the Company was adopted on 11 May 2015 pursuant to shareholders approval at the annual general meeting of the Company on 11 May 2015. The purpose of the scheme is to attract and retain eligible and well-performed participants, including employees and any company related person, and to motivate them to strive for future development and expansion of the Group. The scheme serves as an incentive encouraging participants to perform their best in achieving the goals of the Group and allows the participants to enjoy the results of the Group attained through their efforts and contributions. Offering share options to employees is also a way of recognizing employees' contributions. The Group strongly believes that the operation of the scheme can result in a boost in employees' loyalty and cohesiveness.

Set out below is the biographical details of the Directors and senior management of the Group as at the date of this annual report:

Directors

Executive Directors

Mr. Cheng Li-Yu (鄭立育), aged 57, is the chairman of the Group and director of certain subsidiaries of the Group. Mr. Cheng Li-Yu is the younger brother of Mr. Cheng Li-Yen and he is one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting 30 years ago. Mr. Cheng is responsible for the Group's overall corporate strategy planning, operation management, forecast and analysis of market trend and establishment of the Group's future development direction. Mr. Cheng is currently the director of Southern Asia Management Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial Shareholders' Interests in Shares" in this annual report. Mr. Cheng Li-Yu was appointed as an executive Director on 15 July 2004.

Mr. Cheng is the cousin of Mr. Cheng Li-Chen, a senior management of the Group.

Mr. Cheng Li-Yen (鄭立彥), aged 62, is an executive Director and director of certain subsidiaries of the Group. Mr. Cheng is the elder brother of Mr. Cheng Li-Yu, an executive Director and chairman of the Group, and he is also one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting over 24 years ago and later joined the management of Sunrise Plastic Injection Company Limited in or around 2000. Mr. Cheng is responsible for the Group's overall management of resource planning, as well as plant expansion, development and construction. Mr. Cheng was appointed as an executive Director on 10 June 2005.

Mr. Cheng is the cousin of Mr. Cheng Li-Chen, a senior management of the Group.

Mr. Huang Kuo-Kuang (黃國光), aged 55, is an executive Director and director of certain subsidiaries of the Group. He joined the Group in February 2001 as a member of the Group's senior management and has been responsible for the Group's daily operations and for overseeing the Group's procurement and operation management of two of its major operating subsidiaries in the PRC, namely, Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer") and Suzhou Dazhi Communication Accessory Co., Ltd ("Suzhou Dazhi"), since their establishment. He was appointed as senior vice president of Everyday Computer and of Suzhou Dazhi in 2002. He has more than 23 years' experience in the computer industry. He is responsible for the planning of the Group's procurement strategy, as well as the execution and guidance of operation management. Mr. Huang was appointed as an executive Director on 10 June 2005.

Mr. Hsieh Wan-Fu (謝萬福), aged 52, is an executive Director and director of certain subsidiaries of the Group. He joined the Group as senior vice president in 2003. He is responsible for the establishment of quality control system, supervision of the Group's production in spray painting, development of new technology in dust-free spray painting and promotion of the application of relevant technology in dust-free spray painting to the customers. Mr. Hsieh was appointed as an executive Director on 25 May 2006.

MANAGEMENT PROFILE

Mr. Lo Jung-Te (羅榮德), aged 56, is an executive Director and director of certain subsidiaries of the Group. He joined the Group as senior vice president in 2004. He is responsible for the supervision of the manufacture and development of the Group's automatic moulding. He is also responsible for assisting with the Group's improvement in manufacturing technology of injection moulding development, expansion of new markets and product design of non-notebook computer casing. Mr. Lo was appointed as an executive Director on 25 May 2006.

Mr. Tsui Yung Kwok (徐容國), aged 47, is an executive Director and director of a subsidiary of the Group, the chief financial officer and the company secretary of the Group and is responsible for the overall financial management and company secretarial functions of the Group. He holds a master degree in corporate governance and a bachelor degree in business (Accounting). He is also a member of Chartered Accountants Australia and New Zealand, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Before joining the Group in August 2004, Mr. Tsui had been the chief financial officer of a Hong Kong listed company and held a senior position in an international accounting firm in Hong Kong. He had over 23 years' experience in accounting and finance. He has been an independent non-executive director of Shenguan Holdings (Group) Limited (Stock code: 829) since 19 September 2009, SITC International Holdings Company Limited (Stock code: 1308) since 10 September 2010, 361 Degrees International Limited (Stock code: 1361) since 1 September 2012 and Cabbeen Fashion Limited (Stock code: 2030) since 18 February 2013. Mr. Tsui was appointed as an executive Director on 10 June 2005.

Independent non-executive Directors

Mr. Cherng Chia-Jiun (程嘉君), aged 61, graduated from the National Chengchi University with a Master's degree in Business Administration and a Bachelor of Science degree in Statistics. Mr. Cherng is currently an independent director of Azion Corporation, whose shares are traded on the Taiwan OTC Market and a part-time lecturer of Shih Chien University. He was also the director and President of Digital United Inc., whose shares are traded on the Taiwan Emerging Market until 16 March 2009. Furthermore, he was appointed as an independent director of FSP Technology Inc. since June 2011, whose shares are listed on the Taiwan Stock Exchange Corporation ("TSEC"). From 1979 to 1998, Mr. Cherng was with the Taiwan based Institute for Information Industry (III), serving in various capacities including general manager of the Network Business Group, director of the Technology Service Group, director of the Market Intelligence Center, and program director of the Technology Research Division. Mr. Cherng was also the director of Zinwell Corporation and the supervisor of AOpen Inc., both of these companies are listed on the TSEC. Mr. Cherng was appointed as an independent non-executive Director on 31 July 2008.

Mr. Tsai Wen-Yu (蔡文預), aged 62, is an independent non-executive Director. He obtained his master degree in business administration from the National Chengchi University. He has extensive experience in accounting, taxation and corporate governance. Mr. Tsai is a certified public accountant in Taiwan. He is also the supervisor of Hua Nan Commercial Bank, and is the independent director of Maywufa Company Ltd., a company listed on the TSEC. Mr. Tsai was appointed as an independent non-executive Director on 10 June 2005.

Mr. Yip Wai Ming (葉偉明), aged 50, is an independent non-executive Director. He has more than 25 years of experience in finance and accounting, and had held senior positions in an international accounting firm, a major European bank and listed companies in Hong Kong. Mr. Yip graduated from the University of Hong Kong with a Bachelor's degree in social sciences and from the University of London with a Bachelor's degree in law. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. He has been appointed as an independent non-executive director of PAX Global Technology Limited (Stock code: 327) since 1 December 2010, Far East Horizon Limited (Stock code: 3360) since 11 March 2011, Poly Culture Group Corporation Limited (Stock code: 3636) since 27 December 2013 and Yida China Holdings Limited (stock code: 3639) since 1 June 2014. He was an independent non-executive director of BBMG Corporation (Stock code: 2009) until 27 November 2015. Mr. Yip was appointed as an independent non-executive Director on 25 May 2006.

Senior Management

Mr. Huang Cheng-Pin (黃正斌), aged 50, is an assistant to Mr. Cheng Li-Yu, an executive Director and chairman of the Group. He joined the Group in 2003. Mr. Huang has over 18 years of experience in the banking field and is responsible for the Group's exports of products and imports of production materials. He also assists the board of Directors in the evaluation of investment projects as well as the Group's financial planning and funding matters.

Mr. Lu Fu-Hsing (呂福興), aged 50, is an assistant to Mr. Cheng Li-Yu, an executive Director and chairman of the Group. He joined the Group in 2003. Mr. Lu has over 25 years of experience in quality control. He was appointed to assist Mr. Cheng Li-Yu in the development of the quality control system of the Group. He is also responsible for the design and enhancement of the Group's quality control, and the monitoring and rectification of the matters in relation to the operations and management of the Group.

Mr. Liao Cheng-Yuan (廖正元), aged 56, is an assistant to Mr. Cheng Li-Yu, an executive Director and chairman of the Group, and joined the Group in 2004. He is responsible for modification and implementation of the procurement strategy. He is also responsible for the introduction of new products and the supervision of the pilot run of the Group's new products.

Mr. Chao Min-Jen (趙明仁), aged 47, is an associate vice president of the Group who joined the Group in 2002. Mr. Chao has been working in the industrial and electronics field for over 23 years. He is responsible for assisting in the price determination of the Group's products, and for supporting the sales and marketing function and aftersales services.

Mr. Liu Wei-Cheng (劉為政), aged 58, is an associate vice president of the Group who joined the Group in 2002. Mr. Liu has been working in the electronic goods casing industry for over 27 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. He is also responsible for the project review on the source of development for injection moulding in progress. In addition, he helps coordinate the communication and liaison between the plastic injection moulding development unit and the injection moulding production unit.

MANAGEMENT PROFILE

Mr. Cheng Li-Chen (鄭立晨), aged 46, is an associate vice president of the Group who joined the Group in 2002. He has been working in the plastic product surface coating industry for over 26 years. Mr. Cheng is responsible for the planning of manufacturing process and production management of the surface coating for the Group's plastic casing products, the improvement in efficiency and cost reductions. In addition to specializing in the research and development of the new technology of three dimensional coating, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all coating production facilities of the Group.

Mr. Cheng is the cousin of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, both are executive Directors.

Mr. Yeh Chih-Yuan (葉志原), aged 50, is an associate vice president of the Group who joined the Group in 2002. He has been working in the plastic product surface coating industry for over 26 years. Mr. Yeh is responsible for the planning of manufacturing process and production management of the surface coating for the Group's plastic casing products as well as enhancing efficiency and lowering costs. In addition to specializing in the research and development of the new technology of three dimensional coating, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all coating production facilities of the Group.

Mr. Cheng Hsing-Liang (鄭行良), aged 52, is an associate vice president of the Group who joined the Group in 2003. He has been working in the electronic goods plastic casing injection moulding industry for over 28 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. Meanwhile, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all injection moulding production facilities of the Group.

Mr. Chu San-Tai (朱三泰), aged 41, is an associate vice president of the Group who joined the Group in 2003. He has 20 years of experience in quality control. He is responsible for the supervision of the Group's quality control department, all quality control system certifications, and quality control system set-up, planning and maintenance.

Mr. Lin Feng-Chieh (林豐杰), aged 57, is a vice president of the Group who joined the Group in September 2011 and obtained a MBA from the University of Leicester, UK. He worked at Arima Computer Corporation from 1990 to 2005, served as a senior vice president at the R & D center of notebook computer, responsible for the leading and management of the R & D team to carry out the development of notebook computer. He worked at Huafu Technology Co., Ltd., as the chief technology officer of the group and a general manager of Taiwan business from 2006 to 2008, responsible for the planning of the new technology R & D strategy of the group, and the operating strategic planning and operational management of the Taiwan business. He worked at Flextronics, an American computer business group, served as a senior director of R & D center of notebook computer from 2008 to June 2011, responsible for the leading and management of the mechanical design team to carry out the development of the notebook computer. He is currently responsible to monitor the development of new technology-related businesses of the Group.

The directors (the "Directors") of Ju Teng International Holdings Limited (the "Company") present their report and the audited financial statements of the Company and its subsidiaries (the "Subsidiaries" and together with the Company, the "Group") for the year ended 31 December 2015.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the Subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Business Review

The business review of the Group for the year ended 31 December 2015 is set out in the section headed "Management Discussion and Analysis" on pages 7 to 12 of this annual report.

Results and Dividends

The Group's profit for the year ended 31 December 2015 and the Group's financial position at 31 December 2015 are set out in the financial statements on pages 44 to 125.

The Directors recommend the payment of a final dividend of HK15 cents per share in respect of the year ended 31 December 2015 (2014: HK15 cents per share) to shareholders whose names appear on the register of members of the Company on 20 May 2016 subject to the approval by the shareholders of the Company in the forthcoming annual general meeting.

Summary Financial Information

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 126. This summary does not form part of the audited financial statements of the Group for the year ended 31 December 2015.

Share Capital and Share Options

Details of movements in the Company's share capital and share options during the year are set out in notes 29 and 30 to the financial statements, respectively.

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, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders of the Company.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2015, the Company repurchased a total of 67,180,000 ordinary shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration (before expenses) of HK$253,834,000.

Particulars of the repurchases were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest HK$	Price per ordinary share Lowest HK$	Aggregate purchase price paid HK$'000
January 2015	5,340,000	3.93	3.68	20,653
August 2015	790,000	2.96	2.94	2,333
September 2015	26,298,000	3.84	2.98	88,048
October 2015	18,208,000	4.24	3.79	74,636
November 2015	7,304,000	4.24	4.10	30,700
December 2015	9,240,000	4.21	3.93	37,464
Total	67,180,000			253,834
		Total expenses on shares repurchased		825
				254,659

All shares repurchased during the year were cancelled, and the issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The 4,978,000 shares repurchased during the year ended 31 December 2014 were also cancelled in January 2015.

The above repurchases were effected by the Directors pursuant to the mandate from shareholders approved at the annual general meetings of the Company held on 14 May 2014 and 11 May 2015, with a view to benefiting shareholders as a whole by enhancing the net assets value per share and earnings per share of the Group.

Save as disclosed above, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

Issue of Shares

During the year ended 31 December 2015, the Company issued a total of 13,671,185 ordinary shares of the Company for HK$4.60 per share pursuant to exercise of subscription rights attached to warrants (the "Warrants") issued by the Company on 15 April 2015 and commenced dealings on the Main Board of the Hong Kong Stock Exchange on 16 April 2015. Details of the Warrants are set out in the paragraph headed "Warrants" in this report, the announcements of the Company dated 17 March 2015 and 15 April 2015 and the circular of the Company dated 1 April 2015.

Distributable Reserves

As at 31 December 2015, the Company's reserves available for distribution, as calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to approximately HK$473,607,000.

Charitable Contributions

During the year, the Group made charitable contributions of approximately HK$320,000.

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 79% of the revenue for the year and sales to the largest customer amounted to approximately 26% of the revenue for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year. None of the Directors nor any of their close associates or any shareholders (which, to the knowledge of the Directors, own more than 5% of the Company's issued share capital) of the Company had any interest in the Group's five largest customers or suppliers.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Cheng Li-Yu *(Chairman)*
Mr. Cheng Li-Yen
Mr. Huang Kuo-Kuang
Mr. Hsieh Wan-Fu
Mr. Lo Jung-Te
Mr. Tsui Yung Kwok

Independent non-executive Directors:

Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

In accordance with article 108(A) of the Company's articles of association, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te and Mr. Tsui Yung Kwok will retire as Directors by rotation and, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

According to code provision A.4.3 of Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by Shareholders. For the reason that Mr. Yip Wai Ming has served as an independent non-executive Director for more than nine years, he will retire as Director at the forthcoming annual general meeting of the Company, and he, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company.

REPORT OF THE DIRECTORS

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from all the three independent non-executive Directors namely, Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. As at the date of this report, the Company still considers these independent non-executive Directors to be independent.

Directors' and Senior Managements' Biographies

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 13 to 16 of this annual report.

Directors' Service Contracts

Each of Mr. Cheng Li-Yu, Mr. Cheng Li-Yen, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok, all being executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 June 2005, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service contract, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Each of Mr. Hsieh Wan-Fu and Mr. Lo Jung-Te, both being executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from 25 May 2006, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service contract, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Cherng Chia-Jiun, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 31 July 2008, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Tsai Wen-Yu, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 17 June 2005, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Yip Wai Ming, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 25 May 2006, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of the Subsidiaries which is not determinable by the Company and the Subsidiary(ies) within one year without payment of compensation, other than statutory compensation.

Directors' and Senior Managements' Remuneration

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group.

The remuneration of the senior management of the Group by band during the year ended 31 December 2015 is set out below:

Remuneration bands	Number of senior management
HK$500,001 to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	3
HK$2,000,001 to HK$2,500,000	3
	12

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 9 and 10 to the financial statements, respectively.

Directors' Interests in Transaction, Arrangement or Contract

Save as disclosed in note 37 to the financial statements and in the section headed "Connected transactions and continuing connected transactions" in this report, no Director nor a connected entity of a director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, the holding company of the Company or any of the Company's Subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contract of service with any Director or any person engaged in full-time employment of the Company were entered into or existed during the year.

Save as disclosed in note 37 to the financial statements, no contract of significance had been entered into between the Company, or any of the Subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company, or any of its subsidiaries.

Save as disclosed in note 37 to the financial statements, no contract of significance for the provision of services to the Group by any of the controlling shareholder of the Company or any of its subsidiaries was entered into.

Permitted Indemnity Provision

During the year ended 31 December 2015 and up to the date of this annual report, there was or is permitted indemnity provision (within the meaning in section 469 of the Hong Kong Companies Ordinance) in the articles of association of the Company being in force.

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover certain legal actions brought against its directors and officers.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

		Long positions Number of ordinary shares of HK$0.1 each (the "Shares") and underlying Shares held under equity derivatives				
Name of Directors		Personal interests	Interests of spouse	Other interests *(Note 1)*	Total interests	Approximate percentage of the Company's issued share capital
Mr. Cheng Li-Yen	Shares	–	–	303,240,986	303,240,986	27.08%
	Equity Derivatives:					
	TDRs *(Note 2)*	1,665,000	–	–	1,665,000	0.15%
	Warrants *(Note 3)*	208,125	–	37,905,123	38,113,248	3.40%
					343,019,234	30.63%
Mr. Cheng Li-Yu	Shares	20,000,000	7,064,046	303,240,986	330,305,032	29.49%
	Equity Derivatives:					
	Warrants *(Note 3)*	2,500,000	883,005	37,905,123	41,288,128	3.69%
					371,593,160	33.18%
Mr. Cherng Chia-Jiun	Shares	140,000	–	–	140,000	0.02%
	Equity Derivatives:					
	Warrants *(Note 3)*	13,000	–	–	13,000	0.00%
	Share Options *(Note 4)*	370,000	–	–	370,000	0.03%
					523,000	0.05%

Name of Directors		Personal interests	Interests of spouse	Other interests (Note 1)	Total interests	Approximate percentage of the Company's issued share capital
		Long positions Number of ordinary shares of HK$0.1 each (the "Shares") and underlying Shares held under equity derivatives				
Mr. Huang Kuo-Kuang	Shares	6,427,866	2,300,631	–	8,728,497	0.78%
	Equity Derivatives:					
	Warrants *(Note 3)*	771,983	287,578	–	1,059,561	0.10%
	Share Options *(Note 4)*	1,502,000	–	–	1,502,000	0.13%
					11,290,058	1.01%
Mr. Hsieh Wan-Fu	Shares	2,680,432	–	–	2,680,432	0.24%
	Equity Derivatives:					
	Warrants *(Note 3)*	341,054	–	–	341,054	0.03%
	Share Options *(Note 4)*	1,804,000	–	–	1,804,000	0.16%
					4,825,486	0.43%
Mr. Lo Jung-Te	Shares	8,021,942	–	–	8,021,942	0.71%
	Equity Derivatives:					
	Warrants *(Note 3)*	952,492	–	–	952,492	0.09%
	Share Options *(Note 4)*	1,804,000	–	–	1,804,000	0.16%
					10,778,434	0.96%
Mr. Tsai Wen-Yu	Shares	106,000	–	–	106,000	0.01%
	Equity Derivatives:					
	Warrants *(Note 3)*	8,750	–	–	8,750	0.00%
	Share Options *(Note 4)*	370,000	–	–	370,000	0.03%
					484,750	0.04%
Mr. Tsui Yung Kwok	Shares	4,802,000	–	–	4,802,000	0.43%
	Equity Derivatives:					
	Warrants *(Note 3)*	568,750	–	–	568,750	0.05%
	Share Options *(Note 4)*	1,502,000	–	–	1,502,000	0.13%
					6,872,750	0.61%
Mr. Yip Wai Ming	Shares	106,000	–	–	106,000	0.01%
	Equity Derivatives:					
	Warrants *(Note 3)*	8,750	–	–	8,750	0.00%
	Share Options *(Note 4)*	370,000	–	–	370,000	0.03%
					484,750	0.04%

Notes:

1. The Shares and the underlying Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was beneficially owned by the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include, among others, Mr. Cheng Li-Yen and Mr. Cheng Li-Yu. Mr. Cheng Li-Yen and Mr. Cheng Li-Yu were deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO.

2. The 1,665,000 units of Taiwan depositary receipts (the "TDRs") are regarded for the time being as listed physically settled equity derivatives listing on the Taiwan Stock Exchange Corporation, representing 1,665,000 Shares.

3. The Warrants are regarded for the time being as listed physically settled equity derivatives. Each Warrant entitles the warrant holder thereof to subscribe at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive) for one fully paid Share at an initial subscription price of HK$4.60 per Share (subject to adjustment).

4. The share options granted by the Company (the "Share Options") are regarded for the time being as unlisted physically settled equity derivatives. Details of the Share Options are set out in the section headed "Share Option Scheme" below and note 30 to the financial statements.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in note 30 to the financial statements and in the section headed "Warrants" in this report, at no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or were such rights exercised by them; nor was the Company or any of the Subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Option Scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details are disclosed in note 30 to the financial information.

The following share options were outstanding under the share option scheme which was adopted by the Company on 3 November 2005 and was terminated by resolutions of the shareholders of the Company on 11 May 2015 (the "Old Scheme"), and the new share option scheme which was adopted by the Company on 11 May 2015 (the "New Scheme") during the year:

Name or category of participant	Number of share options: At 1 January 2015	Granted during the year	Exercised during the year (Note 3)	Cancelled during the year	Lapsed during the year	At 31 December 2015	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
Directors										
Mr. Cherng Chia-Jiun	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(35,000)	–	–	–	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	406,000	300,000	(36,000)	(300,000)	–	370,000				
Mr. Huang Kuo-Kuang	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	(251,000)	–	–	–	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	1,754,000	1,000,000	(252,000)	(1,000,000)	–	1,502,000				

Name or category of participant	Number of share options At 1 January 2015	Granted during the year	Exercised during the year (Note 3)	Cancelled during the year	Lapsed during the year	At 31 December 2015	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
Mr. Hsieh Wan-Fu	402,000	–	(402,000)	–	–	–	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	2,206,000	1,000,000	(402,000)	(1,000,000)	–	1,804,000				
Mr. Lo Jung-Te	402,000	–	(402,000)	–	–	–	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	2,206,000	1,000,000	(402,000)	(1,000,000)	–	1,804,000				

Name or category of participant	Number of share options: At 1 January 2015	Granted during the year	Exercised during the year (Note 3)	Cancelled during the year	Lapsed during the year	At 31 December 2015	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
Mr. Tsai Wen-Yu	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(35,000)	–	–	–	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	406,000	300,000	(36,000)	(300,000)	–	370,000				
Mr. Tsui Yung Kwok	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	(251,000)	–	–	–	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	200,000	–	–	(200,000)	–	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	200,000	–	–	–	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	1,754,000	1,000,000	(252,000)	(1,000,000)	–	1,502,000				

Name or category of participant	Number of share options						Grant date	Exercise period	Exercise price per Share	Closing price per Share immediately before the grant date
	At 1 January 2015	Granted during the year	Exercised during the year *(Note 3)*	Cancelled during the year	Lapsed during the year	At 31 December 2015	*(Note 1)*		*(Note 2)*	
Mr. Yip Wai Ming	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(35,000)	–	–	–	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	60,000	–	–	(60,000)	–	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	60,000	–	–	–	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	406,000	300,000	(36,000)	(300,000)	–	370,000				
Other employees										
In aggregate	100,099	–	(100,099)	–	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	15,227,967	–	(14,327,901)	–	(782,666)	117,400	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	15,227,967	–	–	–	(782,667)	14,445,300	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	15,227,967	–	–	–	(782,667)	14,445,300	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	350,000	–	–	(350,000)	–	–	2-9-2014	7-11-2014 to 31-8-2024	HK$4.59	HK$4.53
	380,000	–	–	(380,000)	–	–	2-9-2014	7-11-2015 to 31-8-2024	HK$4.59	HK$4.53
	380,000	–	–	(380,000)	–	–	2-9-2014	7-11-2016 to 31-8-2024	HK$4.59	HK$4.53
	378,000	–	–	(378,000)	–	–	2-9-2014	7-11-2017 to 31-8-2024	HK$4.59	HK$4.53
	12,664,000	–	–	(12,380,800)	(283,200)	–	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	12,732,000	–	–	(12,448,800)	(283,200)	–	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	12,696,000	–	–	(12,412,800)	(283,200)	–	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	12,732,000	–	–	(12,448,800)	(283,200)	–	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	12,788,000	–	–	(12,504,800)	(283,200)	–	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	–	350,000	(320,000)	–	–	30,000	9-7-2015	9-7-2015 to 31-8-2024	HK$3.29	HK$3.00
	–	380,000	(350,000)	–	–	30,000	9-7-2015	7-11-2015 to 31-8-2024	HK$3.29	HK$3.00
	–	380,000	–	–	–	380,000	9-7-2015	7-11-2016 to 31-8-2024	HK$3.29	HK$3.00
	–	378,000	–	–	–	378,000	9-7-2015	7-11-2017 to 31-8-2024	HK$3.29	HK$3.00
	–	12,768,000	–	–	(62,000)	12,706,000	9-7-2015	7-11-2018 to 31-8-2024	HK$3.29	HK$3.00
	–	12,832,000	–	–	(62,000)	12,770,000	9-7-2015	7-11-2019 to 31-8-2024	HK$3.29	HK$3.00
	–	12,800,000	–	–	(62,000)	12,738,000	9-7-2015	7-11-2020 to 31-8-2024	HK$3.29	HK$3.00
	–	12,832,000	–	–	(62,000)	12,770,000	9-7-2015	7-11-2021 to 31-8-2024	HK$3.29	HK$3.00
	–	12,884,000	–	–	(62,000)	12,822,000	9-7-2015	7-11-2022 to 31-8-2024	HK$3.29	HK$3.00
	110,884,000	65,604,000	(15,098,000)	(63,684,000)	(4,074,000)	93,632,000				
	120,022,000	70,504,000	(16,514,000)	(68,584,000)	(4,074,000)	101,354,000				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company in accordance with the rules of the Old Scheme and the New Scheme.
3. The weighted average closing share price immediately before the date on which the share options were exercised was HK$4.18 per share.

Warrants

On 15 April 2015, the Company issued a total of 143,954,000 Warrants (on the basis of one Warrant for every eight Shares) pursuant to an instrument by way of deed poll executed by the Company on 1 April 2015. The Warrants entitling the holders thereof to subscribe for an aggregate of up to 143,954,000 ordinary shares of the Company at an initial subscription price of HK$4.60 per Share (subject to adjustment) at any time during a period commencing from 15 April 2015 to 14 October 2016 (both days inclusive).

The Board believes that the issue of Warrants will provide shareholders of the Company with an opportunity to participate in the growth of the Company. The bonus issue of Warrants will also, upon the exercise of the subscription rights attaching thereto, strengthen the equity base of the Company and increase the Company's working capital.

The exercise of the subscription rights attaching to the Warrants, and therefore the issue of Shares by the Company, is subject to the terms and conditions of the Warrants as set out in the certificates for the Warrants, a summary of which is set out in the appendix to the circular of the Company dated 1 April 2015.

Substantial Shareholders' Interests in Shares

As at 31 December 2015, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

		Long positions			
Name of shareholders	Capacity and nature of interest	Number of Shares	Number of underlying Shares held under equity derivatives *(Note 1)*	Total interests	Approximate percentage of the Company's issued share capital
Southern Asia	Beneficial owner	303,240,986	37,905,123	341,146,109	30.46%
Shine Century Assets Corp. *(Note 2)*	Interest of controlled corporation	303,240,986	37,905,123	341,146,109	30.46%
East Asia International Trustees Limited *(Note 2)*	Trustee (other than a bare trustee)	303,240,986	37,905,123	341,146,109	30.46%
Ms. Lin Mei-Li *(Note 3)*	Beneficial owner	7,064,046	883,005	7,947,051	0.71%
	Interest of spouse	323,240,986	40,405,123	363,646,109	32.47%
				371,593,160	33.18%
Templeton Asset Management Ltd.	Investment manager	94,368,000	10,756,500	105,124,500	9.39%

Notes:

1. The long position in the underlying Shares held under equity derivatives represents the interest in the Warrants.

2. The Shares and underlying Shares were held by Southern Asia, which was wholly owned by Shine Century Assets Corp. The entire issued share capital of Shine Century Assets Corp. was owned by the Cheng Family Trust, the trustee of which was East Asia International Trustees Limited. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia is interested by virtue of the SFO. East Asia International Trustee Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above.

3. Ms. Lin Mei-Li is the wife of Mr. Cheng Li-Yu and she was deemed to be interested in all the Shares in which Mr. Cheng Li-Yu was interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2015, no person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Connected Transactions and Continuing Connected Transactions

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

During the year under review, the Group had conducted the following connected transaction and continuing connected transactions which were required to be disclosed pursuant to Rules 14A.45 and 14A.46 of the Listing Rules:

(a) Pursuant to a master sales agreement dated as of 31 December 2008 entered into between Giant Glory International Limited ("Giant Glory"), an indirect wholly-owned subsidiary of the Company (for itself and on behalf of other members of the Group) and Wistron Corporation ("Wistron") (for itself and on behalf of other members of Wistron and its subsidiaries (the "Wistron Group")) on 23 January 2009, the Group agreed to sell the casings for electronic products and related materials manufactured and/or supplied by the Group (the "Products") to the Wistron Group, at prices to be determined from time to time by the Group and Wistron (for itself and on behalf of other members of the Wistron Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. On 31 October 2011, Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of Wistron Group) entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2012 and ending on 31 December 2014 unless terminated earlier according to the terms and conditions of the agreement. On 10 December 2014, Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of Wistron Group) further entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2015 and ending on 31 December 2017 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Wistron Group amounted to approximately HK$1,263,976,000 for the year ended 31 December 2015 (2014: HK$2,051,555,000).

    Wistron is a substantial shareholder of Mindforce Holdings Limited, a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

(b) On 1 January 2009, Giant Glory (for itself and on behalf of other members of the Group) and Compal Electronics, Inc. ("Compal") and three of its subsidiaries (for themselves and on behalf of other members of Compal and its subsidiaries (the "Compal Group")) entered into a master sales agreement in relation to the sales of the Products by the Group to the Compal Group at prices to be determined from time to time by the Group and Compal (for itself and on behalf of the other members of the Compal Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The price of the Products shall be payable by the Compal Group to the Group in arrears on a 120 days' credit period by transferring to the Group's bank account. On 15 November 2011, Giant Glory (for itself and on behalf of other members of the Group) and Compal (for itself and on behalf of other members of Compal Group) entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2012 and ending on 31 December 2014 unless terminated earlier according to the terms and conditions of the agreement. On 30 December 2014, Giant Glory (for itself and on behalf of other members of the Group) and Compal (for itself and on behalf of other members of Compal Group) further entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2015 and ending on 31 December 2017 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Compal Group amount to approximately HK$1,707,507,000 for the year ended 31 December 2015 (2014: HK$2,261,853,000).

    Compal is a substantial shareholder of Wah Yuen Technology Holding Limited, a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed in (a) and (b) above by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the latest practicable date prior to the issue of this annual report.

Directors' Interests in Competing Businesses

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group.

Audit Committee

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2015.

Auditors

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Cheng Li-Yu
Chairman
Hong Kong
14 March 2016

Corporate Governance Practices

Ju Teng International Holdings Limited (the "Company") continues to devote much effort on formulating and implementing sufficient corporate governance practices which it believes is crucial to its healthy growth and its business needs.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company and its corporate governance committee (the "CG Committee") periodically review its corporate governance practices to ensure continuous compliance with the CG Code. Save as disclosed below, the Company had complied with the code provisions of the CG Code for the year ended 31 December 2015.

Code Provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Li-Yu is the chairman of the Board but the Company has not appointed any chief executive officer. The day-to-day management of the business of the Group and the execution of the instructions and directions of the Board are managed by the management team of the Group which comprises some of the executive directors ("Directors") of the board (the "Board") of the Company and the senior management of the Group. The Directors believe that the allocation of the daily management of different sectors of the Group's business amongst the senior management who possesses experiences and qualifications in different areas will enable the Group to enhance the effectiveness and efficiency of the implementation of its business plan.

The Board will continue to review the management structure from time to time and shall make necessary changes when appropriate and inform the shareholders of the Company accordingly.

Board of Directors

The Group is led by and controlled through the Board, which is currently constituted by a combination of six executive Directors and three independent non-executive Directors.

The Board oversees the overall management and operations of the Company. Major responsibilities of the Board include approving the Company's overall business, financial and technical strategies, setting key performance targets, approving financial budgets and major expenditures, supervising and scrutinizing the performance of management while the senior management are responsible for the supervision and day-to-day management of operation of the Group and the execution of the plans of the Group as approved by the Board.

The independent non-executive Directors have been appointed by the Company for a term of two years commencing from the date of their respective appointment renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, and until terminated by not less than three months' notice in writing served by either the Company or the respective Director on the other. The independent non-executive Directors are also subject to rotation at annual general meetings pursuant to the articles of association of the Company. All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in Rule 3.13 of the Listing Rules.

The Company has adopted and applied a code of conduct regarding directors' securities transaction on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules throughout the year ended 31 December 2015. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transactions for the year ended 31 December 2015.

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

Save for the sibling relationship between Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, both being executive Directors, there is no family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board.

Directors' Attendance Record at Meetings

Pursuant to Paragraph A.1.1 of the CG Code, the Board should meet regularly for at least four times a year, i.e. at approximately quarterly intervals. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 December 2015, the Board convened a total of four Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year) and one general meeting, i.e. the annual general meeting. The individual attendance record of the Directors at board meetings and general meeting of the Company is tabulated as follows:

	Board meeting		General meeting	
Name of Directors	**Number of meeting held**	**Number of meeting attended**	**Number of meeting held**	**Number of meeting attended**
Executive Directors				
Mr. Cheng Li-Yu *(Chairman)*	4	4	1	1
Mr. Cheng Li-Yen	4	4	1	–
Mr. Huang Kuo-Kuang	4	4	1	–
Mr. Hsieh Wan-Fu	4	4	1	–
Mr. Lo Jung-Te	4	4	1	–
Mr. Tsui Yung Kwok	4	4	1	1
Independent non-executive Directors				
Mr. Cherng Chia-Jiun	4	4	1	–
Mr. Tsai Wen-Yu	4	4	1	–
Mr. Yip Wai Ming	4	4	1	1

Board committee meeting will be convened as and when necessary.

For the individual attendance record of the Directors at meetings of the CG Committee, nomination committee, audit committee and remuneration committee of the Board, please refer to the paragraphs headed "corporate governance committee", "nomination committee", "audit committee and accountability" and "remuneration committee", respectively, of this corporate governance report.

Continuous Professional Development of Directors

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with code provision A.6.5 of the CG Code, the Company would arrange and fund suitable continuous professional development for Directors to participate to develop and refresh their knowledge and skills. During the year ended 31 December 2015, the Company has arranged, and each of Directors, except Mr. Lo Jung-Te, has attended a training seminar provided by a professional body.

Committees of the Board

As at 31 December 2015, the Board has four Board committees, namely, the CG Committee, the nomination committee (the "Nomination Committee"), the audit committee (the "Audit Committee") and the remuneration committee (the "Remuneration Committee"), for overseeing various aspects of the Company's affairs.

Each of the Board committees has been established with written terms of reference that state its authority and duties, which are available on the website of the Company and the Hong Kong Stock Exchange. Accordingly, the Board committees should report to the Board for their decisions or recommendations made and they shall be provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. Please refer to the respective terms of reference for each of the Board committees for their practices, procedures and arrangements in conducting meetings.

Corporate Governance Committee

The Company has established the CG Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The CG Committee currently consists of five members, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Yip Wai Ming is the chairman of the CG Committee.

The CG Committee is mainly responsible for keeping the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The CG Committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

The CG Committee convened one meeting for the year ended 31 December 2015 to review the policies and practices on corporate governance of the Group. The individual attendance record of each member of the CG Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Yip Wai Ming *(Chairman)*	1	1
Mr. Cherng Chia-Jiun	1	1
Mr. Tsai Wen-Yu	1	1
Mr. Cheng Li-Yu	1	1
Mr. Huang Kuo-Kuang	1	1

Nomination Committee

The Company has established the Nomination Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The Nomination Committee currently consists of five members, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Cheng Li-Yu is the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and diversity of perspectives experience) of the Board at least annually and making recommendation to the Board for any proposed changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; making recommendations to the Board on various matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive Officer of the Company; and making recommendations to the Board on the policy concerning the diversity of Board members, and the measurable objectives for implementing such policy.

The Board has adopted procedures for nomination of new director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of the new director by way of board meeting or written resolution. To ensure a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under the applicable laws and regulations (including the Listing Rules), the newly appointed director will be provided with a comprehensive, tailored and formal induction on the first occasion of his appointment.

There was no nomination and appointment of directors during the year. The Nomination Committee convened one meeting for the year ended 31 December 2015 to review the structure and composition of the Board, review a policy on board diversity adopted by the Board (the "Board Diversity Policy") pursuant to Paragraph A.5.6 of the CG Code and monitor the progress on achieving the measurable objectives (the "Measurable Objectives"). The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Cheng Li-Yu *(Chairman)*	1	1
Mr. Cherng Chia-Jiun	1	1
Mr. Tsai Wen-Yu	1	1
Mr. Yip Wai Ming	1	1
Mr. Huang Kuo-Kuang	1	1

The Company and the Nomination Committee periodically review the Board Diversity Policy, and monitor the progress on achieving the Measurable Objectives which are set for implementing diversity on the Board. For the year ended 31 December 2015, the Company has achieved the following Measurable Objectives:

(a) To ensure the appropriate proportion of the independent non-executive Directors to the executive Directors in order to maintain the independence of the Board. In particular, at least one-third of the number of members of the Board shall be independent non-executive Directors;

(b) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;

(c) To ensure at least one-third of the members of the Board shall have attained bachelor's degree or higher level of education;

(d) To ensure at least one-third of the members of the Board were or currently are director(s) of listed companies (including Hong Kong and other regions) other than the Company;

(e) To ensure Board has members coming from different cultural backgrounds (including Hong Kong and Taiwan); and

(f) To ensure the age distribution of the members of the Board comprised of people from at least two decades.

Audit Committee and Accountability

The Board is responsible for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis. It is also responsible for presenting a balanced, clear and understandable assessment of the Group's annual and interim reports, other inside information announcements and other financial disclosures as required under the Listing Rules. The management provides all relevant information and records to the Board which enable it to prepare the accounts and to make the above assessments.

The Company has established the Audit Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. Mr. Cherng Chia-Jiun is the chairman of the Audit Committee.

The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's risk management and internal control systems including the adequacy of resources, qualifications and experience of the Company's staff of accounting and financial reporting function and their training programmes and budget.

It is responsible for making recommendations to the Board for the appointment, reappointment or removal of the external auditors and also reviews and monitors the external auditors' independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with the Listing Rules and other applicable standards and reviewing the financial information of the Group. For the year ended 31 December 2015, the Audit Committee met with the external auditors to review and approve the audit plans and also reviewed the Group's annual results of 2014 and interim results of 2015 and the audit findings with the attendance of the external auditors and executive Directors.

The Audit Committee convened a total of five meetings for the year ended 31 December 2015. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meetings held	Number of meetings attended
Mr. Cherng Chia-Jiun *(Chairman)*	5	5
Mr. Tsai Wen-Yu	5	5
Mr. Yip Wai Ming	5	5

Remuneration Committee

The Company has established the Remuneration Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Remuneration Committee currently consists of five members, namely, Mr. Cherng Chia-Jiun, Mr. Tsai-Wen Yu and Mr. Yip Wai Ming who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Cherng Chia-Jiun is the chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy and the remuneration, bonuses and welfare benefits for the executive Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. For the year ended 31 December 2015, the Remuneration Committee reviewed remuneration policy and packages of the Directors and senior management.

The Remuneration Committee convened one meeting for the year ended 31 December 2015. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Cherng Chia-Jiun *(Chairman)*	1	1
Mr. Tsai Wen-Yu	1	1
Mr. Yip Wai Ming	1	1
Mr. Cheng Li-Yu	1	1
Mr. Huang Kuo-Kuang	1	1

Auditors' Remuneration

During the year, the audit and non-audit fees payable/paid to Ernst & Young, the auditors of the Group, was made up of an audit fee of HK$3,650,000 and non-audit service fees of HK$1,301,000, respectively.

Directors' and Auditors' Acknowledgement

The Directors acknowledge their responsibility for preparing the accounts for the year under review.

The external auditors of the Company acknowledge their reporting responsibilities in the independent auditors' report on the financial statements for the year under review.

Internal Control

The Board is responsible for ensuring that sound and effective internal control systems are maintained within the Group. The Group had hired independent professionals to perform a review on the system of internal control of the Group to ensure that the financial and operational functions, compliance control, asset management and risk management functions are in place and functioning effectively. With reference to the assessment of the independent professionals, the Directors and the Audit Committee conducted review of the internal control system maintained by the Group including the financial, operational and compliance controls and risk management functions for the year ended 31 December 2015 and are satisfied that it is sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained. The Directors will continue to engage external independent professionals to review the Group's internal control systems and will continue to review the need for setting up an internal audit function.

Investor Relations and Shareholders' Communications

The Company enhances investor relations and communications through various channels. Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meeting and other meetings that maybe convened, during which the Directors and designated senior management will attend the meeting and respond to requests for information and queries from the shareholders of the Company and the investment community. The Chairman of the Board and Directors will answer questions on the Company's business at the meeting. External auditors will also attend the annual general meeting and to answer any question if necessary.

Shareholders are encouraged to attend the annual general meeting of the Company. Notice of the annual general meeting and related papers shall be sent to shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules and such documents shall be also made available on the Company's website (http://www.irasia.com/listco/hk/juteng) and the Hong Kong Stock Exchange's website (http://www.hkexnews.hk).

Shareholders of the Company and the investor community may also contact the Company via email at the email address of the Company at ir@juteng.com.tw.

Shareholders' Rights

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

(a) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(b) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at ir@juteng.com.tw.

(c) The EGM shall be held within two months after the deposit of such Requisition.

(d) If the Directors fail to proceed to convene such meeting within twenty-one (21) days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for raising enquiries

(a) Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong branch share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.

(b) Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at ir@juteng.com.tw.

(c) Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures and contact details for putting forward proposals at shareholders' meetings

(a) To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at ir@juteng.com.tw.

(b) The identity of the Shareholder and his/her/its request will be verified with the Company's Hong Kong branch share registrar and upon confirmation by the Hong Kong branch share registrar that the request is proper and in order and made by a Shareholder, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

(c) The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

  (i) Notice of not less than 21 days in writing if the Proposal requires approval by way of an ordinary resolution in an annual general meeting or a special resolution of the Company;

  (ii) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than an annual general meeting or approval by way of a special resolution of the Company.

INDEPENDENT AUDITORS' REPORT

EY 安永

To the shareholders of Ju Teng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ju Teng International Holdings Limited (the "Company") and its subsidiaries set out on pages 44 to 125, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made 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 auditors' 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 auditors consider 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.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Ju Teng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

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.

Ernst & Young

Certified Public Accountants
22/F., CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

14 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015 HK$'000**	2014 HK$'000
REVENUE	6	**8,936,133**	9,571,195
Cost of sales		**(7,030,579)**	(7,765,890)
Gross profit		**1,905,554**	1,805,305
Other income and gains	6	**154,451**	176,255
Selling and distribution expenses		**(108,506)**	(128,084)
Administrative expenses		**(650,497)**	(662,205)
Other expenses		**(60,560)**	(91,746)
Finance costs	7	**(90,268)**	(90,161)
PROFIT BEFORE TAX	8	**1,150,174**	1,009,364
Income tax expense	11	**(204,919)**	(184,957)
PROFIT FOR THE YEAR		**945,255**	824,407
Attributable to:			
Equity holders of the Company		**874,957**	764,667
Non-controlling interests		**70,298**	59,740
		945,255	824,407
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13		
– Basic (HK cents)		**76.9**	65.4
– Diluted (HK cents)		**74.7**	62.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
PROFIT FOR THE YEAR		**945,255**	824,407
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(652,603)**	(257,116)
Available-for-sale investment:			
Change in fair value	21	**(8,797)**	(6,748)
Income tax effect	17	**1,497**	1,146
		(7,300)	(5,602)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(659,903)**	(262,718)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**285,352**	561,689
Attributable to:			
Equity holders of the Company		**314,138**	548,643
Non-controlling interests		**(28,786)**	13,046
		285,352	561,689

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**8,397,593**	8,589,489
Lease premium for land	15	**465,616**	348,392
Goodwill	16	**40,062**	40,062
Prepayments for acquisition of property, plant and equipment		**3,034**	121,475
Available-for-sale investments	21	**24,803**	37,304
Total non-current assets		**8,931,108**	9,136,722
CURRENT ASSETS			
Inventories	18	**1,295,793**	1,354,806
Trade receivables	19	**3,079,708**	3,313,337
Prepayments, deposits and other receivables	20	**509,095**	728,330
Principal-protected investment deposits	22	**61,745**	–
Pledged bank balances	23	**37,049**	35,565
Cash and cash equivalents	23	**1,541,485**	1,563,614
Total current assets		**6,524,875**	6,995,652
CURRENT LIABILITIES			
Trade and bills payables	24	**1,051,886**	1,347,954
Other payables and accruals	25	**915,832**	1,164,257
Tax payable		**217,033**	291,649
Interest-bearing bank borrowings	26	**3,492,946**	2,085,070
Derivative financial instruments	27	**–**	21,610
Total current liabilities		**5,677,697**	4,910,540
NET CURRENT ASSETS		**847,178**	2,085,112
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,778,286**	11,221,834

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	26	**1,410,591**	2,632,610
Deferred income	28	**417,500**	616,894
Deferred tax liabilities	17	**22,788**	14,765
Total non-current liabilities		**1,850,879**	3,264,269
Net assets		**7,927,407**	7,957,565
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	29	**111,997**	116,195
Reserves	31	**6,433,901**	6,431,075
		6,545,898	6,547,270
Non-controlling interests		**1,381,509**	1,410,295
Total equity		**7,927,407**	7,957,565

Cheng Li-Yu
Director

Huang Kuo-Keung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

		Attributable to equity holders of the Company											
	Notes	Issued capital HK$'000 (Note 29)	Share premium account HK$'000 Note (c)	Treasury shares HK$'000 Note (c)	Employee share-based compensation reserve HK$'000 Note (c)	Capital reserve HK$'000 Notes (b),(c)	Statutory reserve fund HK$'000 Notes (a),(c)	Exchange fluctuation reserve HK$'000 Note (c)	Retained profits HK$'000 Note (c)	Available-for-sale investment revaluation reserve HK$'000 Note (c)	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014		116,736	765,999	–	60,737	365,239	182,964	862,032	3,864,239	17,595	6,235,541	1,397,249	7,632,790
Profit for the year		–	–	–	–	–	–	–	764,667	–	764,667	59,740	824,407
Other comprehensive income for the year:													
Change in fair value of available-for-sale investments, net of tax		–	–	–	–	–	–	–	–	(5,602)	(5,602)	–	(5,602)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	(210,422)	–	–	(210,422)	(46,694)	(257,116)
Total comprehensive income for the year		–	–	–	–	–	–	(210,422)	764,667	(5,602)	548,643	13,046	561,689
Issue of shares in connection with the exercise of share options	29(i)	1,680	45,520	–	(30,910)	–	–	–	–	–	16,290	–	16,290
Cancellation of shares repurchased	29(iii)	(2,221)	(78,791)	–	–	–	–	–	–	–	(81,012)	–	(81,012)
Shares repurchased but not yet cancelled	29(iii)	–	(18,385)	(498)	–	–	–	–	–	–	(18,883)	–	(18,883)
Share-based compensation arrangements	30	–	–	–	21,796	–	–	–	–	–	21,796	–	21,796
2013 final dividend		–	(175,105)	–	–	–	–	–	–	–	(175,105)	–	(175,105)
At 31 December 2014		116,195	539,238#	(498)	51,623	365,239	182,964	651,610	4,628,906	11,993	6,547,270	1,410,295	7,957,565

Share premium account has been adjusted for the proposed final dividend in accordance with the current year's presentation, which is described in the accounting policy of dividends in note 3.3 to the financial statements.

	Notes	Attributable to equity holders of the Company											
		Issued capital HK$'000 (Note 29)	Share premium account HK$'000 Note (c)	Treasury shares HK$'000 Note (c)	Employee share-based compensation reserve HK$'000 Note (c)	Capital reserve HK$'000 Notes (b),(c)	Statutory reserve fund HK$'000 Notes (a),(c)	Exchange fluctuation reserve HK$'000 Note (c)	Retained profits HK$'000 Note (c)	Available-for-sale investment revaluation reserve HK$'000 Note (c)	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2015		116,195	539,238	(498)	51,623	365,239	182,964	651,610	4,628,906	11,993	6,547,270	1,410,295	7,957,565
Profit for the year		-	-	-	-	-	-	-	874,957	-	874,957	70,298	945,255
Other comprehensive income for the year:													
Change in fair value of available-for-sale investments, net of tax		-	-	-	-	-	-	-	-	(7,300)	(7,300)	-	(7,300)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(553,519)	-	-	(553,519)	(99,084)	(652,603)
Total comprehensive income for the year		-	-	-	-	-	-	(553,519)	874,957	(7,300)	314,138	(28,786)	285,352
Issue of shares in connection with the exercise of share options	29(i)	1,651	40,327	-	(24,405)	-	-	-	-	-	17,573	-	17,573
Issue of shares in connection with the exercise of warrants	29(ii)	1,367	61,520	-	-	-	-	-	-	-	62,887	-	62,887
Share issue expense		-	(418)	-	-	-	-	-	-	-	(418)	-	(418)
Cancellation of shares repurchased	29(iii)	(7,216)	(247,941)	498	-	-	-	-	-	-	(254,659)	-	(254,659)
Share-based compensation arrangements	30	-	-	-	33,771	-	-	-	-	-	33,771	-	33,771
Transfer from retained profits		-	-	-	-	-	29,542	-	(29,542)	-	-	-	-
2014 final dividend		-	(174,664)	-	-	-	-	-	-	-	(174,664)	-	(174,664)
At 31 December 2015		111,997	218,062	-	60,989	365,239	212,506	98,091	5,474,321	4,693	6,545,898	1,381,509	7,927,407

Notes:

(a) In accordance with the relevant regulations in the People's Republic of China (the "PRC" or "Mainland China"), the Company's subsidiaries established in the PRC are required to transfer a certain percentage of their profit after tax to the statutory reserve fund. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiaries' articles of association, the statutory reserve fund may be used either to offset losses, or for capitalisation issue by way of paid-up capital.

(b) The capital reserve represents profits of the Company's subsidiaries capitalised during the prior years.

(c) These reserve accounts comprise the consolidated reserves of HK$6,433,901,000 (2014: HK$6,431,075,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,150,174**	1,009,364
Adjustments for:			
Finance costs	7	**90,268**	90,161
Interest income	6	**(16,515)**	(17,227)
Dividend income	6	**(1,335)**	(570)
Depreciation	8	**970,068**	782,469
Amortisation of lease premium for land	8	**9,525**	8,908
Loss on disposal of an available-for-sale investment	8	**690**	–
Loss on disposal of items of property, plant and equipment, net	8	**31,035**	22,575
Impairment of items of property, plant and equipment	8	**–**	47,440
Impairment of lease premium for land	8	**–**	2,372
(Reversal of impairment)/impairment of other receivables	8	**(1,910)**	5,115
Provision/(write-back of provision) for slow-moving and obsolete inventories	8	**49,108**	(38,733)
Recognition of deferred income		**(143,473)**	(19,908)
Equity-settled share option expenses	30	**33,771**	21,796
		2,171,406	1,913,762
Increase in inventories		**(50,974)**	(132,942)
Decrease in trade receivables		**91,204**	640,440
Decrease in prepayments, deposits and other receivables		**188,539**	54,995
Decrease in trade and bills payables		**(242,333)**	(201,832)
(Decrease)/increase in other payables and accruals		**(258,593)**	156,973
(Decrease)/increase in derivative financial instruments		**(21,610)**	17,420
Cash generated from operations		**1,877,639**	2,448,816
Mainland China income tax paid		**(259,093)**	(118,167)
Overseas income tax paid		**(1,191)**	(1,532)
Withholding tax paid		**(639)**	(509)
Interest received		**16,515**	17,227
Interest paid		**(97,127)**	(103,743)
Net cash flows from operating activities		**1,536,104**	2,242,092

	Notes	**2015** **HK$'000**	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,399,157)**	(1,751,953)
Purchases of lease premium for land		**(150,809)**	(159,372)
Proceeds from disposal of items of property, plant and equipment		**134,840**	96,200
Proceeds from disposal of available-for-sale investments		**602**	–
Dividend received		**1,335**	570
Additions to principal-protected investment deposits		**(61,745)**	–
Increase in pledged bank balances and time deposits		**(1,484)**	(11,762)
Decrease in prepayments for acquisition of property, plant and equipment		**118,441**	769
Net cash flows used in investing activities		**(1,357,977)**	(1,825,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**1,517,017**	2,395,297
Repayment of bank loans		**(1,307,993)**	(1,975,411)
Dividend paid		**(174,664)**	(175,105)
Proceeds from issue of shares in connection with the exercise of share options		**17,573**	16,290
Proceeds from issue of shares in connection with the exercise of warrants		**62,887**	–
Payment for share issue expenses	29	**(418)**	–
Shares repurchased	29	**(254,659)**	(99,895)
Net cash flows (used in)/from financing activities		**(140,257)**	161,176
NET INCREASE IN CASH AND CASH EQUIVALENTS		**37,870**	577,720
Cash and cash equivalents at beginning of year		**1,563,614**	1,061,299
Effect of foreign exchange rate changes, net		**(59,999)**	(75,405)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,541,485**	1,563,614
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**1,541,485**	1,563,614
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**1,541,485**	1,563,614

1. CORPORATE AND GROUP INFORMATION

Ju Teng International Holdings Limited is a limited liability company incorporated in the Cayman Islands. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacture and sale of casings for notebook computer and handheld devices. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Best Alliance Holding Inc. @^	British Virgin Islands ("BVI")/The ROC	US$52,600,000 Ordinary	100%	Investment holding
Giant Glory International Limited @	Samoa/The ROC	US$49,777,419 Ordinary	100%	Investment holding
Step Fine International Investment Limited	Hong Kong	HK$100,000 Ordinary	100%	Investment holding
Everyday Computer Components (Suzhou) Co., Ltd. *@	The PRC	US$52,500,000	100%	Manufacture and sale of casings
Suzhou Dazhi Communication Accessory Co., Ltd. *@	The PRC	US$108,500,000	100%	Manufacture and sale of casings
Jiu De International Limited @	Samoa/The ROC	US$12,800,000 Ordinary	100%	Investment holding
Jiu Ding International Limited @	Samoa/The ROC	US$40,000,000 Ordinary	100%	Investment holding
Ju Teng (Neijiang) Communication Accessory Co., Ltd. *@	The PRC	US$99,000,000	100%	Manufacture and sale of casings

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Particulars of the Company's subsidiaries are as follows: *(Continued)*

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Tri-Great International Limited @	Samoa/The ROC	US$1,000,000 Ordinary	100%	Sale of casings and related materials
ICAN Business Limited @	BVI/The ROC	US$1,500,000 Ordinary	100%	Sale of casings and related materials
Gi Li Co., Ltd. @	The ROC	NT$5,000,000 Ordinary	100%	Sale of casings and related materials
Hempton International Limited @	Samoa/The ROC	US$3,500,000 Ordinary	100%	Investment holding
Perfect Base Holdings Limited	Hong Kong	HK$100,000 Ordinary	100%	Investment holding
Ju Teng Electronics (Shanghai) Co., Ltd. *@	The PRC	US$12,500,000	100%	Manufacture and sale of casings
Grand Develop Investments Limited	Hong Kong	HK$1 Ordinary	100%	Provision of general administrative and support services
Mindforce Holdings Limited ("Mindforce") @	BVI/The ROC	US$75,101,000	71%	Investment holding
Skywarp Holdings Limited	Hong Kong	HK$1,200,000,000 Ordinary	71%	Investment holding
WIS Precision (Kunshan) Co., Ltd. *@	The PRC	US$25,000,000	71%	Manufacture and sale of casings

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Particulars of the Company's subsidiaries are as follows: *(Continued)*

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
WIS Precision (Taizhou) Co., Ltd. *@	The PRC	US$69,800,000	71%	Manufacture and sale of casings
Plentimark Limited @	BVI/The ROC	US$50,000 Ordinary	71%	Sale of casings and related materials
Dynamic Apex Macao Commercial Offshore Limited @	Macau	MOP100,000	100%	Sale of casings and related materials
Smart Success Enterprises Limited @	Samoa/The ROC	US$6,000,000 Ordinary	100%	Investment holding
Prime Cheer International Limited	Hong Kong	HK$100,000 Ordinary	100%	Investment holding
Chengyang Precision Mold (Kunshan) Co., Ltd. *@	The PRC	US$33,000,000	100%	Manufacture and sale of moulds
Fullerton Ltd. @	Samoa/The ROC	US$31,749,800 Ordinary	71%	Investment holding, sale of computer equipment and peripherals
Lian-Yi (Far East) Ltd. @	The ROC	NT$5,000,000 Ordinary	71%	Sale of computer equipment and peripherals
Lian-Yi Precision (Zhongshan) Inc. *@	The PRC	US$33,400,000	71%	Manufacture and sale of computer equipment and peripherals

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Particulars of the Company's subsidiaries are as follows: *(Continued)*

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Wah Yuen Technology Holding Limited ("Wah Yuen") @	Mauritius/ The ROC	US$261,758,240 Ordinary	59.28%	Investment holding
Hong Ya Technology Corp. @	The ROC	NT$475,577,800 Ordinary	59.28%	Manufacture and sale of casings
Highsharp Ltd. @	Samoa/The ROC	US$10,000 Ordinary	59.28%	Investment holding
Advance Step International Ltd. @	Samoa/The ROC	US$5,000 Ordinary	59.28%	Sale of casings and related materials
Compal Precision Module China Holdings Ltd. @	Mauritius/The ROC	US$236,267,926 Ordinary	59.28%	Investment holding, sale of casings and related materials
Compal Precision Module (Jiangsu) Company Limited *@	The PRC	US$410,000,000	59.28%	Manufacture and sale of casings
Always Bright International Ltd. @	Samoa/The ROC	US$60,000,000	59.28%	Investment holding
Compal Electronic Technology (Chongqing) Co., Ltd *@	The PRC	US$60,000,000	59.28%	Manufacture and sale of casings
City Faith Limited @	Samoa/The ROC	US$1,000,000 Ordinary	100%	Investment holding
Jiang Su Inoac Juteng Polymer Co., Ltd. *@	The PRC	US$6,000,000	62.17%	Manufacture and sale of materials
Wealth Time Holding Limited @	BVI/The ROC	US$15,000,000 Ordinary	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Particulars of the Company's subsidiaries are as follows: *(Continued)*

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Sunny Force Investment Limited	Hong Kong	HK$117,000,000	100%	Investment holding
Wujiang Dading Precision Mould Co., Ltd. *@	The PRC	US$80,000,000	100%	Manufacture and sale of casings
Great Step Enterprises Limited @	Samoa/The ROC	US$90,000,000 Ordinary	100%	Investment holding
Tasun (Chongqing) Electronic Technology Co., Ltd. *@	The PRC	US$90,000,000	100%	Manufacture and sale of casings

* Registered as wholly-foreign-owned enterprises under the PRC law.
@ Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.
^ Directly held by the Company.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, an available-for-sale investment and principal-protected investment deposits, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no material effect on the financial position or performance of the Group.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets.

  The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination.The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group has not acquired any investment property during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date is determined but is available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

(Continued)

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of the items of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings	20 years
Leasehold improvements	Over the lease terms or 5 to 10 years
Machinery	5 to 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Construction in progress represents buildings, plant and machinery and other items of property, plant and equipment under construction or installation, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of purchase, construction, installation and testing and capitalised borrowing costs on related borrowed funds during the period of construction or installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the relevant government authorities. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees employed by the Group's subsidiary in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a defined contribution retirement benefit scheme under the Labor Pension Act (the "Act") for its employees employed by the Group's subsidiary in Taiwan. Based on the Act, the Group's monthly contribution to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labor pension accounts at the Bureau of Labor Insurance.

Share-based payments

The Company operates share option schemes and a share award plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 30 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Share-based payments *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control, or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;
(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
(iii) the entity and the Group are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land premiums for land under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates with the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to reduce its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments *(Continued)*

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's equity instruments are equity instruments. The warrants are recognised initially at the net proceeds received.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Transfer of assets

Where the Group receives non-monetary assets transferred from its customers or equivalent and the Group has to provide ongoing access to a supply of goods or services, the related assets are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss as revenue over the expected useful lives of the relevant assets by equal annual instalments, while a deferred income account is credited and is released to the statement of profit or loss as revenue over the expected useful life of the relevant asset.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the services have been rendered;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 2% (2014: 2%) has been applied to the expenditure on the individual assets.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 16.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Write-down of inventories

Management reviews the condition of inventories of the Group and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period.

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The carrying amount of inventories carried as assets in the consolidated statement of financial position as at 31 December 2015 was HK$1,295,793,000 (2014: HK$1,354,806,000), details of which are set out in note 18 to the financial statements.

Current tax and deferred tax

The Group is subject to income taxes in Mainland China and overseas. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made. The carrying amount of income tax payable carried as a liability in the consolidated statement of financial position as at 31 December 2015 was HK$217,033,000 (2014: HK$291,649,000).

Property, plant and equipment and depreciation

The Group's management determines the estimated useful lives, residual values and the depreciation methods for its property, plant and equipment. The policy on depreciation is detailed in note 3.3 to the financial statements. The estimated useful life of the property, plant and equipment reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of such property, plant and equipment.

In the prior years, certain items of production equipment of the Group, which are classified as machinery, have estimated useful lives of 10 years. During the year, the Group has re-assessed the estimated economic useful lives of those items of production equipment, taking into account of the current ever-changing business environment and conditions in the notebook computer market and historical usage experience, and considered the estimated economic useful lives of 5 to 10 years will be more appropriate to the Group. This change in accounting estimate has resulted in an increase in depreciation charge of approximately HK$75,078,000 for the year ended 31 December 2015.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Deferred income

Deferred income is recognised into revenue based on the estimate period over which relevant assets will generate economic benefits to the Group. Determining the period over which economic benefits will flow to the Group from the relevant assets requires judgement and consideration of multiple factors that may vary over time depending upon the demand forecasts, product life cycle status and product development plans.

During the year, the Group has re-assessed the period of the estimated economic benefits that the underlying items of production equipment items can be delivered to the Group, with reference to actual sales made during the year, revised sales forecast, and the customers' product development plan, and considered that the period of which these equipment items can bring economic benefits to the Group is approximately 5 years. This change in accounting estimate has resulted in an increase in revenue of approximately HK$81,688,000 for the year ended 31 December 2015.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Withholding taxes

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from1 January 2008.

As at 31 December 2015, the Group has unremitted earnings that are subject to withholding taxes amounting to approximately HK$2,480,250,000 (2014: HK$1,935,998,000). In the opinion of the directors, the Company is able to control the timing of the reversal of the temporary difference and it is not probable that these subsidiaries established in Mainland China will distribute such earnings in the foreseeable future. During the year ended 31 December 2015, deferred tax on withholding tax amounting to HK$10,000,000 has been recognised.

5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of manufacture and sale of casings for notebook computer and handheld devices. For management purposes, the Group operates in one business unit based on its casing products, and has one reportable operating segment.

No operating segments have been aggregated to form the above reportable operating segment.

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(i) Revenue from external customers:

	2015 HK$'000	2014 HK$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	**8,548,222**	9,236,050
The Republic of China (the "ROC")	**91,423**	199,140
Others	**296,488**	136,005
	8,936,133	9,571,195

The revenue information above is based on the locations of the products delivered to the customers.

(ii) Non-current assets:

	2015 HK$'000	2014 HK$'000
The PRC, excluding Hong Kong	**8,776,760**	8,964,608
The ROC	**129,514**	134,772
Others	**31**	38
	8,906,305	9,099,418

The non-current assets information above is based on the locations of the assets and excludes available-for-sale investments.

Information about major customers

Revenue of approximately HK$2,362,540,000, HK$1,707,507,000, HK$1,263,976,000 and HK$929,031,000 for the year ended 31 December 2015 was derived from sales to four major customers, each of which contributed 10% or more sales to the Group's revenue, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK$2,261,853,000, HK$2,051,555,000, HK$1,182,168,000 and HK$1,001,742,000 for the year ended 31 December 2014 was derived from sales to four major customers, each of which contributed 10% or more sales to the Group's revenue, including sales to a group of entities which are known to be under common control with these customers.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the invoiced value of goods sold, net of value-added tax, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	2015 HK$'000	2014 HK$'000
Revenue		
Sale of goods	**8,936,133**	9,571,195
Other income and gains		
Interest income	**16,515**	17,227
Subsidy income#	**43,592**	128,743
Compensation income	**13,504**	14,997
Exchange gains, net	**73,950**	1,910
Dividend income	**1,335**	570
Others	**5,555**	12,808
	154,451	176,255

Various government subsidies have been received for enterprises engaged in Mainland China for promoting the manufacturing industry. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2015 HK$'000	2014 HK$'000
Interest on bank loans and other loans	**97,127**	103,743
Total interest expense on financial liabilities not at fair value through profit or loss	**97,127**	103,743
Less: Interest capitalised	**(6,859)**	(13,582)
	90,268	90,161

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2015 HK$'000	2014 HK$'000
Cost of inventories sold		**6,944,708**	7,797,808
Auditors' remuneration		**3,650**	3,450
Depreciation	14	**970,068**	782,469
Amortisation of lease premium for land	15	**9,525**	8,908
Minimum lease payments under operating leases		**4,993**	6,921
Provision/(write-back of provision) for slow-moving and obsolete inventories*		**49,108**	(38,733)
(Reversal of impairment)/impairment of other receivables**		**(1,910)**	5,115
Impairment of items of property, plant and equipment**	14	**–**	47,440
Impairment of lease premium for land**	15	**–**	2,372
Employee benefit expense (excluding directors' remuneration – note 9):			
Wages and salaries, bonuses, allowances and welfare		**1,974,849**	2,178,958
Equity-settled share option expenses		**31,183**	20,063
Pension scheme contributions		**90,222**	95,478
		2,096,254	2,294,499
Loss on disposal of items of property, plant and equipment, net**		**31,035**	22,575
Loss on disposal of an available-for-sale investment**		**690**	–
Foreign currency translation gains, net***		**(73,950)**	(19,330)
Fair value losses on derivative financial instruments, net***		**–**	17,420

* Included in "Cost of sales" on the face of the consolidated statement of profit or loss.

** Included in "Other expenses" on the face of the consolidated statement of profit or loss.

*** Included in "Other income" on the face of the consolidated statement of profit or loss.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 HK$'000	2014 HK$'000
Fees	**594**	594
Other emoluments:		
Salaries, allowances and benefits in kind	**5,349**	5,306
Performance related bonuses	**290**	286
Equity-settled share option expenses	**2,585**	1,733
Pension scheme contributions	**70**	66
	8,294	7,391
	8,888	7,985

Certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 30 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above directors' remuneration disclosures.

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees and equity-settled share option expenses paid to independent non-executive directors during the year were as follows:

2015

Name of director	**Fees HK$'000**	**Equity-settled share option expenses HK$'000**	**Total remuneration HK$'000**
Mr. Cherng Chia-Jiun	**198**	**136**	**334**
Mr. Tsai Wen-Yu	**198**	**136**	**334**
Mr. Yip Wai Ming	**198**	**136**	**334**
	594	**408**	**1,002**

2014

Name of director	Fees HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
Mr. Cherng Chia-Jiun	198	70	268
Mr. Tsai Wen-Yu	198	70	268
Mr. Yip Wai Ming	198	70	268
	594	210	804

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015						
Mr. Cheng Li-Yu	**–**	**888**	**64**	**–**	**–**	**952**
Mr. Cheng Li-Yen	**–**	**799**	**58**	**–**	**19**	**876**
Mr. Huang Kuo-Kuang	**–**	**799**	**58**	**537**	**11**	**1,405**
Mr. Hsieh Wan-Fu	**–**	**754**	**55**	**552**	**11**	**1,372**
Mr. Lo Jung-Te	**–**	**754**	**55**	**552**	**11**	**1,372**
Mr. Tsui Yung Kwok	**–**	**1,355**	**–**	**536**	**18**	**1,909**
	–	**5,349**	**290**	**2,177**	**70**	**7,886**
2014						
Mr. Cheng Li-Yu	–	891	64	–	–	955
Mr. Cheng Li-Yen	–	801	57	–	19	877
Mr. Huang Kuo-Kuang	–	801	57	345	10	1,213
Mr. Hsieh Wan-Fu	–	757	54	417	10	1,238
Mr. Lo Jung-Te	–	757	54	417	10	1,238
Mr. Tsui Yung Kwok	–	1,299	–	344	17	1,660
	–	5,306	286	1,523	66	7,181

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2014: one) director, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2014: four) highest paid employees who are not directors of the Company are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	**2,499**	2,596
Performance related bonuses	**637**	649
Equity-settled share option expenses	**5,050**	3,321
Pension scheme contributions	**38**	40
	8,224	6,606

The number of non-director and non-chief executive, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2015	 2014
HK$1,500,001 to HK$2,000,000	**1**	4
HK$2,000,001 to HK$2,500,000	**3**	–
	4	4

Share options were granted under the share option scheme of the Company to the non-director and non-chief executive, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above non-director and non-chief executive, highest paid employees' remuneration disclosures.

11. INCOME TAX

Hong Kong profit tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the year (2014: Nil). Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2015 **HK$'000**	2014 HK$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	**185,732**	141,162
Underprovision in prior years	**3,086**	16,388
Current – Overseas		
Charge for the year	**32,686**	34,803
Overprovision in prior years	**(26,105)**	(16,916)
Deferred tax (note 17)	**9,520**	9,520
Total tax charge for the year	**204,919**	184,957

11. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2015

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(45,990)		1,003,090		193,074		1,150,174	
Tax at the statutory tax rate	(7,588)	16.5	250,773	25.0	32,823	17.0	276,008	24.0
Preferential tax rates	–	–	(112,127)	(11.2)	–	–	(112,127)	(9.7)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	–	–	10,639	1.1	–	–	10,639	0.9
Income not subject to tax	(2,068)	4.5	(3,293)	(0.3)	(436)	(0.2)	(5,797)	(0.5)
Expenses not deductible for tax	9,656	(21.0)	730	0.1	299	0.1	10,685	0.9
Adjustments in respect of current tax of previous periods	–	–	3,086	0.3	(26,105)	(13.5)	(23,019)	(2.0)
Tax losses not recognised	–	–	48,530	4.8	–	–	48,530	4.2
Tax charge at the Group's effective rate	–	–	198,338	19.8	6,581	3.4	204,919	17.8

11. INCOME TAX *(Continued)*

2014

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(38,621)		835,263		212,722		1,009,364	
Tax at the statutory tax rate	(6,372)	16.5	208,817	25.0	36,163	17.0	238,608	23.6
Preferential tax rates	–	–	(95,000)	(11.4)	–	–	(95,000)	(9.4)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	–	–	10,509	1.3	–	–	10,509	1.1
Income not subject to tax	(779)	2.0	(4,767)	(0.6)	(1,684)	(0.8)	(7,230)	(0.7)
Expenses not deductible for tax	7,151	(18.5)	6,866	0.8	324	0.2	14,341	1.4
Adjustments in respect of current tax of previous periods	–	–	16,388	2.0	(16,916)	(8.0)	(528)	(0.1)
Tax losses not recognised	–	–	24,257	2.9	–	–	24,257	2.4
Tax charge at the Group's effective rate	–	–	167,070	20.0	17,887	8.4	184,957	18.3

According to Caishui [2011] No.58 issued in July 2011, enterprises set up in the western region in the PRC with major businesses falling within the Catalogue of Encouraged Industries in the Western Region could be entitled to a reduced Corporate Income Tax ("CIT") rate of 15%.

Juteng (Neijiang) Communication Accessory Co., Ltd., which is subsidiary of the Company in the Sichuan province, were accredited to enjoy the 15% CIT tax preference in 2013 under the release of the Catalogue of Encouraged Industries in the Western Region. Tasun (Chongqing) Electronic Technology Co., Ltd. and Compal Electronic Technology (Chongqing) Co., Ltd., which are subsidiaries of the Company in the Chongqing city, were accredited to enjoy the 15% CIT tax preference in 2015 under the release of the Catalogue of Encouraged Industries in the Western Region.

12. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Additional final dividend for prior year (note (a))	**1,919**	–
Proposed final – HK15 cents (2014: HK15 cents) per ordinary share (note (b))	**167,997**	172,745
	169,916	172,745

Notes:

(a) Subsequent to the approval of the 2014 financial statements and prior to the book close period of the 2014 final dividend, additional 12,795,006 ordinary shares were issued by the Company as a result of the exercise of the subscription rights attached to Warrants by certain warrant holders. Accordingly, an additional 2014 final dividend amounting to HK$1,919,000 was paid in 2015.

(b) The proposed final dividend for the year is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$874,957,000 (2014: HK$764,667,000) and the weighted average number of 1,137,859,442 (2014: 1,169,283,984) ordinary shares in issue excluding shares held under the share award scheme during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$874,957,000 (2014: HK$764,667,000). The weighted average number of ordinary shares used in the calculation is 1,137,859,442 (2014: 1,169,283,984) ordinary shares in issue excluding shares held under the share award scheme during the year, as used in the basic earnings per share calculation, and the weighted average number of 34,204,992 (2014: 49,993,020) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2015							
At 1 January 2015:							
Cost	4,120,776	1,918	6,419,279	873,834	15,583	619,837	12,051,227
Accumulated depreciation and impairment	(777,773)	(1,089)	(2,238,649)	(434,414)	(9,813)	–	(3,461,738)
Net carrying amount	3,343,003	829	4,180,630	439,420	5,770	619,837	8,589,489
At 1 January 2015, net of accumulated depreciation and impairment	3,343,003	829	4,180,630	439,420	5,770	619,837	8,589,489
Additions	31,218	4	800,025	163,349	666	411,330	1,406,592
Transfers	159,210	–	615,935	92,016	303	(867,464)	–
Disposals/write-off	(9,788)	–	(99,361)	(12,899)	(133)	(43,694)	(165,875)
Depreciation provided during the year	(189,820)	(38)	(654,123)	(124,479)	(1,608)	–	(970,068)
Exchange realignment	(177,909)	(22)	(244,461)	(29,381)	(290)	(10,482)	(462,545)
At 31 December 2015, net of accumulated depreciation and impairment	3,155,914	773	4,598,645	528,026	4,708	109,527	8,397,593
At 31 December 2015:							
Cost	4,051,000	1,879	7,265,929	1,022,535	14,738	109,527	12,465,608
Accumulated depreciation and impairment	(895,086)	(1,106)	(2,667,284)	(494,509)	(10,030)	–	(4,068,015)
Net carrying amount	3,155,914	773	4,598,645	528,026	4,708	109,527	8,397,593

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2014							
At 1 January 2014:							
Cost	3,487,486	2,537	5,828,146	768,057	16,526	171,581	10,274,333
Accumulated depreciation	(650,416)	(1,805)	(1,942,307)	(378,837)	(10,122)	–	(2,983,487)
Net carrying amount	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846
At 1 January 2014, net of accumulated depreciation	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846
Additions	15,990	206	424,261	89,123	1,448	1,894,555	2,425,583
Transfers	772,100	–	561,129	81,721	690	(1,415,640)	–
Disposals/write-off	(21,779)	–	(60,894)	(8,965)	(777)	(26,360)	(118,775)
Depreciation provided during the year	(165,658)	(75)	(516,307)	(98,605)	(1,824)	–	(782,469)
Impairment	(23,682)	–	(19,624)	(4,107)	(27)	–	(47,440)
Exchange realignment	(71,038)	(34)	(93,774)	(8,967)	(144)	(4,299)	(178,256)
At 31 December 2014, net of accumulated depreciation and impairment	3,343,003	829	4,180,630	439,420	5,770	619,837	8,589,489
At 31 December 2014:							
Cost	4,120,776	1,918	6,419,279	873,834	15,583	619,837	12,051,227
Accumulated depreciation and impairment	(777,773)	(1,089)	(2,238,649)	(434,414)	(9,813)	–	(3,461,738)
Net carrying amount	3,343,003	829	4,180,630	439,420	5,770	619,837	8,589,489

At 31 December 2015, the Group did not pledge any land and buildings to secure its banking facilities granted to the Group (2014: Nil).

As a result of change in mode of operations and shift in production mix, certain items of property, plant and equipment would have minimal use in future, and accordingly, impairment losses of an aggregate amount of HK$47,440,000 were recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

As at 31 December 2015, the application of property ownership certificates for certain buildings with a net book value of HK$271,896,000 was still in progress.

15. LEASE PREMIUM FOR LAND

	2015 HK$'000	2014 HK$'000
Net carrying amount at 1 January	**348,392**	205,199
Additions during the year	**150,809**	159,372
Recognised during the year	**(9,525)**	(8,908)
Impairment during the year	**–**	(2,372)
Exchange realignment	**(24,060)**	(4,899)
Net carrying amount at 31 December	**465,616**	348,392

At 31 December 2015, the Group did not pledge any land to secure its banking facilities granted to the Group (2014: Nil).

16. GOODWILL

	HK$'000
Cost and net carrying amount at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	**40,062**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the manufacture and sale of notebook computer casings cash-generating unit, which is a reportable segment, for impairment testing.

The recoverable amount of the manufacture and sale of notebook computer casings cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 6.8% (2014: 6.9%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2% (2014: 2%).

Assumptions were used in the value in use calculation of the manufacture and sale of notebook computer casings cash-generating unit for 31 December 2015 and 31 December 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources.

In the opinion of the Company's directors, any reasonably possible change in any of these assumptions would not cause the cash-generating unit's recoverable amount to fall below its carrying amount.

17. DEFERRED TAX

Deferred tax assets

The Group had tax losses arising in the PRC and the ROC of approximately HK$283,441,000 (2014: HK$284,743,000) and HK$1,098,000 (2014: HK$15,918,000), respectively, that are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Fair value adjustments arising from revaluation of an available-for-sale investment HK$'000	Withholding tax HK$'000	Total HK$'000
At 1 January 2014	2,839	3,552	–	6,391
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	(480)	–	10,000	9,520
Deferred tax credited to equity during the year	–	(1,146)	–	(1,146)
Gross deferred tax liabilities at 31 December 2014 and 1 January 2015	**2,359**	**2,406**	**10,000**	**14,765**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	**(480)**	**–**	**10,000**	**9,520**
Deferred tax credited to equity during the year	**–**	**(1,497)**	**–**	**(1,497)**
Gross deferred tax liabilities at 31 December 2015	**1,879**	**909**	**20,000**	**22,788**

17. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2015, the Group has unremitted earnings that are subject to withholding taxes amounted to approximately HK$2,480,250,000 (2014: HK$1,935,998,000). In the opinion of the directors, the Company is able to control the timing of the reversal of the temporary difference and accordingly, the Group has taken into consideration among others, the probability the temporary difference being reversed in the foreseeable future, and recognised for withholding taxes that would be payable in the foreseeable future on distribution of unremitted earnings by the Company's subsidiaries established in Mainland China in respect of earnings generated.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

18. INVENTORIES

	2015 **HK$'000**	2014 HK$'000
Production materials	**265,672**	305,081
Work in progress	**348,781**	373,016
Finished goods	**384,789**	395,202
Moulds and consumable tools	**296,551**	281,507
	1,295,793	1,354,806

19. TRADE RECEIVABLES

The general credit terms of the Group range from 60 days to 120 days. Trade receivables are non-interest-bearing.

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 3 months	2,211,049	2,493,789
4 to 6 months	848,644	795,222
7 to 12 months	20,015	24,326
	3,079,708	3,313,337

The aged analysis of the Group's trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	2,672,922	2,838,829
1 to 3 months past due	389,344	461,670
4 to 6 months past due	11,158	10,643
7 to 12 months past due	6,284	2,195
	3,079,708	3,313,337

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	**56,279**	69,360
Deposits and other receivables	**452,816**	658,970
	509,095	728,330

Included in the Group's deposits and other receivables are amounts of compensation from a local economic council for the relocation of a factory of the Group's subsidiary of HK$52,830,000 (2014: HK$167,973,000). In view of the fact that the council is part of the municipal governments in the PRC and continuous settlements were recovered during the year, the directors of the Company are of the opinion that the credit risk is not significant and the balances were fully recovered after the reporting date.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK$'000	2014 HK$'000
Overseas listed equity investment, at fair value	**23,331**	32,146
Unlisted equity investments, at cost less impairment	**1,472**	5,158
	24,803	37,304

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$8,797,000 (2014: HK$6,748,000).

The above investments represent investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

In the opinion of the directors, the available-for-sale investments are not expected to be realised within 12 months after the end of the reporting period. Accordingly, the investments are classified as non-current assets in the consolidated statement of financial position.

The market value of the Group's listed equity investment at the date of approval of these financial statements was approximately HK$18,780,000.

As at 31 December 2015, certain unlisted equity investment with a carrying amount of HK$1,472,000 (2014: HK$5,158,000) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

22. PRINCIPAL-PROTECTED INVESTMENT DEPOSITS

The carrying amounts, which approximate to their fair values, of principal-protected investments based on the maturity dates of the respective contracts are analysed as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**61,745**	–

The Group entered into certain contracts of structured investments with certain financial institutions. The structured investments are principal-protected at the maturity dates. The entire combined contracts have been designated as financial assets at fair value through profit or loss ("FVTPL") on initial recognition. The principal-protected investments based on the respective contracts have maturity dates of within 1 year.

23. CASH AND CASH EQUIVALENTS AND PLEDGED BANK BALANCES

	2015 HK$'000	2014 HK$'000
Cash and bank balances, including time deposits with original maturity less than 3 months	**1,578,534**	1,599,179
Less: Pledged bank balances	**(37,049)**	(35,565)
Cash and cash equivalents	**1,541,485**	1,563,614

RMB is not a freely convertible currency in Mainland China and the remittance of funds out of Mainland China is subject to the exchange restriction imposed by the PRC government. Companies incorporated in the ROC are subject to certain controls in the remittance of funds out of the ROC up to a certain limit for each calendar year. At the end of the reporting period, the cash and cash equivalents which were subject to exchange and/or remittance restrictions in Mainland China or the ROC amounted to approximately HK$682,122,000 (2014: HK$375,611,000).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on 60 to 120 days terms.

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 3 months	**800,983**	1,120,453
4 to 6 months	**225,442**	196,157
7 to 12 months	**10,850**	16,479
Over 1 year	**14,611**	14,865
	1,051,886	1,347,954

25. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Deferred income (note 28)	**143,565**	23,246
Other payables	**280,173**	601,484
Accruals	**492,094**	539,527
	915,832	1,164,257

Other payables are non-interest-bearing.

26. INTEREST-BEARING BANK BORROWINGS

	2015			2014		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	**2.19**	**2016**	**348,772**	–	–	–
Bank loans – unsecured	**1.12-2.10**	**2016**	**3,144,174**	1.14 – 2.74	2015	2,085,070
			3,492,946			2,085,070
Non-current						
Bank loans – secured	**2.19**	**2017**	**813,803**	1.95	2016 – 2017	1,163,325
Bank loans – unsecured	**1.53-1.78**	**2017**	**596,788**	2.00 – 2.74	2016 – 2017	1,469,285
			1,410,591			2,632,610
			4,903,537			4,717,680

	2015 HK$'000	2014 HK$'000
Repayable:		
Within one year	**3,492,946**	2,085,070
In the second year	**1,410,591**	1,698,072
In the third to fifth years, inclusive	**–**	934,538
	4,903,537	4,717,680

Notes:

(a) Certain of the Group's bank loans were secured by:

(i) the pledge of shares in certain subsidiaries of the Company; and

(ii) corporate guarantees executed by the Company to the extent of HK$3,971,288,000 (2014: HK$3,601,260,000) as at the end of the reporting period.

(b) The Group's bank loans with carrying amounts of HK$4,847,488,000 (2014: HK$4,657,980,000) and HK$56,049,000 (2014: HK$59,700,000) are denominated in US$ and NT$, respectively.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 Assets HK$'000	2014 Assets HK$'000
Forward currency contracts	–	21,610

The Group has entered into various forward currency contracts to reduce its exposure to foreign currency exchange rate fluctuations. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in fair value of non-hedging currency derivatives amounting to HK$17,420,000 were charged to the statement of profit or loss during the year ended 31 December 2014.

At the end of the reporting period, the Company had provided corporate guarantees in the aggregate amount of HK$174,386,000 (2014: HK$259,809,000) to banks in connection with the banking facilities of the above forward currency contracts granted to its subsidiaries, which were not utilised.

28. DEFERRED INCOME

Deferred income represented the assignment and transfer of right, title, and obligations for certain production equipment from an independent third party.

29. SHARE CAPITAL

Shares

	2015 HK$'000	2014 HK$'000
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,119,977,185 (2014: 1,161,950,000) shares of HK$0.1 each	**111,997**	116,195

29. SHARE CAPITAL *(Continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue of HK$0.1 each	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2014	1,167,366,000	116,736	765,999	882,735
Issue of shares in connection with the exercise of share options (note (i))	16,794,000	1,680	14,610	16,290
Cancellation of shares repurchased (note (iii))	(22,210,000)	(2,221)	(78,791)	(81,012)
Shares repurchased but not yet cancelled (note (iii))	–	–	(18,385)	(18,385)
Transfer from employee share-based compensation reserve	–	–	30,910	30,910
2013 final dividend	–	–	(175,105)	(175,105)
At 31 December 2014 and 1 January 2015	**1,161,950,000**	**116,195**	**539,238**	**655,433**
Issue of shares in connection with the exercise of share options (note (i))	**16,514,000**	**1,651**	**15,922**	**17,573**
Issue of shares in connection with the exercise of warrants (note (ii))	**13,671,185**	**1,367**	**61,520**	**62,887**
Share issue expense	**–**	**–**	**(418)**	**(418)**
Cancellation of shares repurchased (note (iii))	**(72,158,000)**	**(7,216)**	**(247,941)**	**(255,157)**
Transfer from employee share-based compensation reserve	**–**	**–**	**24,405**	**24,405**
2014 final dividend (note (iv))	**–**	**–**	**(174,664)**	**(174,664)**
At 31 December 2015	**1,119,977,185**	**111,997**	**218,062**	**330,059**

29. SHARE CAPITAL *(Continued)*

Notes:

(i) During the year, the Company issued a total of 15,844,000 (2014: 16,794,000) shares at an exercise price of HK$0.97 (2014: HK$0.97) per share and 670,000 (2014: Nil) shares at an exercise price of HK$3.29 per share, pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 16,514,000 (2014: 16,794,000) shares of HK$0.1 each for a total cash consideration, before expenses, of HK$17,573,000 (2014: HK$16,290,000). A total of HK$24,405,000 (2014: HK$30,910,000) was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

(ii) A bonus issue of warrants (the "Warrants") was made by the Company in the proportion of one Warrant for every eight shares held on the record date, i.e. 9 April 2015, resulting in 143,954,000 Warrants being issued. Each Warrant entitles the warrant holder thereof to subscribe for one warrant share at the initial subscription price of HK$4.60 per warrant share (subject to adjustment) at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive).

During the year, the Company issued a total of 13,671,185 shares at a subscription price of HK$4.60 per warrant share pursuant to the exercise of subscription rights attached to the Warrants by certain warrant holders, resulting in the issue of 13,671,185 shares of HK$0.10 each for a total cash consideration, before expenses, of HK$62,887,000. The issued capital of the warrant shares was increased by the par value and the premium received thereon after deducting the related expenses incurred on the issue of the Warrants have been credited to share premium account of the Company accordingly.

At the end of the reporting period, the Company had 130,282,815 outstanding Warrants. The exercise in full of the outstanding Warrants would, under the present capital structure of the Company, result in the issue of 130,282,815 additional ordinary shares of the Company and additional share capital of HK$13,028,000 and share premium of HK$586,273,000 (before issue expenses).

(iii) During the year, the Company purchased 67,180,000 (2014: 27,188,000) of its shares on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") for a total consideration of HK$254,659,000 (2014: HK$99,895,000), of which 67,180,000 (2014: 22,210,000) of the repurchased shares were cancelled during the year. The issued capital of the cancelled shares was reduced by the par value and the premium paid thereon including related expenses have been charged to share premium account of the Company accordingly. The 4,978,000 shares repurchased in 2014, which were held as treasury shares as at 31 December 2014, were also cancelled in January 2015.

(iv) Subsequent to the approval of the 2014 financial statements and prior to the book close period of the 2014 final dividend, additional 12,795,006 ordinary shares were issued by the Company as a result of the exercise of the subscription rights by certain warrant holders. Accordingly, an additional 2014 final dividend amounting to HK$1,919,000 was paid in 2015 together with the final dividend amounting to HK$172,745,000 declared as at the date of approval of the 2014 financial statements.

Share options

Details of the Company's share option scheme and the share options granted are included in note 30 to the financial statements.

30. EQUITY COMPENSATION PLANS

Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons that provide research, development or other technological support to the Group, the Group's shareholders and the advisers or consultants of the Group and participants who have contributed or may contribute to the development and growth of the Group. A share option scheme (the "Old Scheme") was adopted by the Company on 3 November 2005 and was terminated by resolutions of the shareholders of the Company on 11 May 2015 and a new share option scheme (the "New Scheme") was adopted by the Company on 11 May 2015.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheet on the Hong Kong Stock Exchange on the date of the offer of the share options; and (ii) the average of the closing prices of the Company's shares as quoted on the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 9 July 2015, the share options previously granted to the directors and certain employees of the Group of 68,584,000 share options granted on 2 September 2014 under the Old Scheme had been cancelled and replaced (the "Cancelled Share Options").

The Company had granted 70,504,000 new share options under the New Scheme to holders of the Cancelled Share Options to subscribe for a total of 68,584,000 shares on 9 July 2015 in the replacement of the Cancelled Share Options held by them.

30. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

The directors considered that the exercise price for the Cancelled Share Options was higher than the recent market prices of the shares; the Cancelled Share Options could no longer serve the purpose of providing incentives of rewards to the holders thereof. The replacement by the new share options, by bringing the exercise price (being HK$3.29 per share) to the current trading price level of the shares, would better serve the purpose of the Scheme in providing incentives or rewards to eligible participants to contribute to the success of the Group's operations.

The following share options were outstanding under the Scheme during the year:

	2015		2014	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**3.08**	**120,022,000**	0.97	68,446,000
Exercised	**1.06**	**(16,514,000)**	0.97	(16,794,000)
Lapsed	**2.40**	**(4,074,000)**	0.97	(1,630,000)
Cancelled and replaced	**4.59**	**(68,584,000)**	–	–
Granted	**3.29**	**70,504,000**	4.59	70,000,000
At 31 December	**2.56**	**101,354,000**	3.08	120,022,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$4.11 per share (2014: HK$4.22 per share).

30. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2015 **Number of options**	**Exercise price *** **HK$** **per share**	**Exercise period**
117,400	**0.97**	**7-11-2015 to 30-11-2019**
15,856,300	**0.97**	**7-11-2016 to 30-11-2019**
15,856,300	**0.97**	**7-11-2017 to 30-11-2019**
30,000	**3.29**	**9-7-2015 to 31-8-2024**
30,000	**3.29**	**7-11-2015 to 31-8-2024**
380,000	**3.29**	**7-11-2016 to 31-8-2024**
378,000	**3.29**	**7-11-2017 to 31-8-2024**
13,686,000	**3.29**	**7-11-2018 to 31-8-2024**
13,750,000	**3.29**	**7-11-2019 to 31-8-2024**
13,718,000	**3.29**	**7-11-2020 to 31-8-2024**
13,750,000	**3.29**	**7-11-2021 to 31-8-2024**
13,802,000	**3.29**	**7-11-2022 to 31-8-2024**
101,354,000		

2014 Number of options	Exercise price * HK$ per share	Exercise period
105,099	0.97	7-11-2014 to 30-11-2019
16,638,967	0.97	7-11-2015 to 30-11-2019
16,638,967	0.97	7-11-2016 to 30-11-2019
16,638,967	0.97	7-11-2017 to 30-11-2019
350,000	4.59	7-11-2014 to 31-8-2024
380,000	4.59	7-11-2015 to 31-8-2024
380,000	4.59	7-11-2016 to 31-8-2024
378,000	4.59	7-11-2017 to 31-8-2024
13,644,000	4.59	7-11-2018 to 31-8-2024
13,712,000	4.59	7-11-2019 to 31-8-2024
13,676,000	4.59	7-11-2020 to 31-8-2024
13,712,000	4.59	7-11-2021 to 31-8-2024
13,768,000	4.59	7-11-2022 to 31-8-2024
120,022,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

30. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

The fair value of the Cancelled Share Options and the incremental fair value of the replaced share options were HK$78,685,000 and HK$16,213,000 respectively. The Group recognised a share option expense of HK$33,771,000 (2014: HK$21,796,000) during the year ended 31 December 2015 in respect of share options granted/replaced in the current and prior years.

The fair value of the Cancelled Share Options and the incremented fair value of the replaced share options were estimated as at the date of replacement, using a binomial model (2014: binomial model), taking into account the terms and conditions upon which the options were granted/replaced. The following table lists the inputs to the model used:

	2015	2014
Dividend yield (%)	**3.93**	4.14
Expected volatility (%)	**57.17**	57.86
Historical volatility (%)	**57.17**	57.86
Risk-free interest rate (%)	**1.36**	1.92
Weighted average expected life of options (year)	**3.06 – 8.97**	5.09 – 9.09
Underlying price per share (HK$)	**3.29**	4.59

The expected life of the options is based on the directors' estimation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The total of 16,514,000 share options exercised during the year resulted in the issue of 16,514,000 ordinary shares of the Company and new share capital of HK$1,651,000 and share premium of HK$15,922,000 (before issue expenses), as further detailed in note 29(i) to the financial statements.

At the end of the reporting period, the Company had 101,354,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 101,354,000 additional ordinary shares of the Company and additional share capital of HK$10,135,000 and share premium of HK$249,474,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 100,416,000 share options outstanding under the Scheme, which represented approximately 9.0% of the Company's shares in issue as at that date.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the prior and current years are presented in the consolidated statement of changes in equity on pages 48 and 49 of the financial statements.

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Company's subsidiaries that have material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests:		
Wah Yuen and its subsidiaries ("Wah Yuen Group")	**40.72%**	40.72%
Mindforce and its subsidiaries ("Mindforce Group")	**29%**	29%

	2015 **HK$'000**	2014 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Wah Yuen Group	**127,624**	81,704
Mindforce Group	**(59,506)**	(21,903)
Accumulated balances of non-controlling interests at the reporting dates:		
Wah Yuen Group	**1,111,156**	1,069,146
Mindforce Group	**242,811**	318,305

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Wah Yuen Group HK$'000	Mindforce Group HK$'000
2015		
Revenue	**3,041,545**	**1,481,467**
Total expenses	**(2,728,262)**	**(1,685,086)**
Profit for the year	**313,283**	**(203,619)**
Total comprehensive income for the year	**101,468**	**(259,137)**
Current assets	**2,478,613**	**1,158,007**
Non-current assets	**3,072,586**	**1,105,099**
Current liabilities	**(2,518,115)**	**(704,276)**
Non-current liabilities	**(304,988)**	**(726,609)**
Net cash flows from/(used in) operating activities	**833,561**	**(121,900)**
Net cash flows (used in)/from investing activities	**(561,838)**	**21,163**
Net cash flows from financing activities	**45,011**	**117,916**
Net increase in cash and cash equivalents	**316,734**	**17,179**
2014		
Revenue	3,156,330	1,834,381
Total expenses	(2,955,816)	(1,908,334)
Profit for the year	200,514	(73,953)
Total comprehensive income for the year	110,253	(106,121)
Current assets	2,149,575	976,909
Non-current assets	2,996,954	1,343,287
Current liabilities	(2,263,018)	(641,359)
Non-current liabilities	(256,882)	(587,479)
Net cash flows from operating activities	762,896	167,700
Net cash flows used in investing activities	(725,908)	(145,697)
Net cash flows (used in)/from financing activities	(35,549)	17,468
Net increase in cash and cash equivalents	1,439	39,471

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year ended 31 December 2015, the Group recognised property, plant and equipment amounting to HK$576,000 (2014: HK$660,048,000) in connection with the assignment and transfer of right, title and obligations for certain equipment from an independent third party which is of non-cash in nature.

34. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

35. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties and motor vehicles under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 **HK$'000**	2014 HK$'000
Within one year	**2,307**	7,310
In the second to fifth years, inclusive	**133**	1,455
	2,440	8,765

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments as at the end of the reporting period:

	2015 **HK$'000**	2014 HK$'000
Contracted, but not provided for:		
Land and buildings	**66,134**	98,285
Machinery and office equipment	**43,664**	133,548
Total capital commitments	**109,798**	231,833

37. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year.

	2015 HK$'000	2014 HK$'000
Rental expenses paid to:		
Ms. Lin Mei-Li (Note)	**60**	63

Note:

Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties.

The above transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group (excluding directors' remuneration):

	2015 HK$'000	2014 HK$'000
Short term employee benefits	**8,456**	8,802
Employee share-based compensation expenses	**9,230**	7,032
Total compensation paid to key management personnel	**17,686**	15,834

Further details of directors' emoluments are included in note 9 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2015
Financial assets

	Financial assets at fair value through profit or loss – designated as such upon initial recognition HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	–	24,803	24,803
Trade receivables	–	3,079,708	–	3,079,708
Financial assets included in prepayments deposits and other receivables	–	452,816	–	452,816
Principal-protected investment deposits	61,745	–	–	61,745
Pledged bank balances	–	37,049	–	37,049
Cash and cash equivalents	–	1,541,485	–	1,541,485
	61,745	5,111,058	24,803	5,197,606

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	1,051,886	1,051,886
Financial liabilities included in other payables and accruals	772,267	772,267
Interest-bearing bank borrowings	4,903,537	4,903,537
	6,727,690	6,727,690

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2014

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	37,304	37,304
Trade receivables	3,313,337	–	3,313,337
Financial assets included in prepayments, deposits and other receivables	658,970	–	658,970
Pledged bank balances	35,565	–	35,565
Cash and cash equivalents	1,563,614	–	1,563,614
	5,571,486	37,304	5,608,790

Financial liabilities

	Financial liabilities at fair value through profit or loss – held for trading HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	–	1,347,954	1,347,954
Financial liabilities included in other payables and accruals	–	1,141,011	1,141,011
Derivative financial instruments	21,610	–	21,610
Interest-bearing bank borrowings	–	4,717,680	4,717,680
	21,610	7,206,645	7,228,255

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments				
Overseas listed equity investment, at fair value	**23,331**	32,146	**23,331**	32,146
Principal-protected investment deposits	**61,745**	–	**61,745**	–
	85,076	32,146	**85,076**	32,146
Financial liabilities				
Derivative financial instruments	**–**	21,610	**–**	21,610

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, pledged bank balances, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

As at 31 December 2015 and 2014, certain unlisted equity investments without quoted price at carrying amounts of HK$1,472,000 and HK$5,158,000 were stated at cost less impairment and excluded from the table above, as the directors are of the opinion that their fair values cannot be reliably measured.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2015 and 31 December 2014 was assessed to be insignificant.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair value of listed equity investment was based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally with creditworthy banks with no recent history of default. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale investments:				
Overseas listed equity investment	**23,331**	**–**	**–**	**23,331**
Principal-protected investment deposits	**–**	**61,745**	**–**	**61,745**
	23,331	**61,745**	**–**	**85,076**

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale investments:				
Overseas listed equity investment	32,146	–	–	32,146

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Derivative financial instruments:				
Forward currency contracts	–	–	–	–

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Derivative financial instruments:				
Forward currency contracts	–	21,610	–	21,610

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

The Company did not have any financial assets and financial liabilities measured at fair value as at 31 December 2015 (2014: Nil).

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, pledged bank balances and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the year under review the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 3.3 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations denominated in United States dollars with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
2015		
United States dollar	**50**	**(24,237)**
United States dollar	**(50)**	**24,237**
2014		
United States dollar	50	(23,290)
United States dollar	(50)	23,290

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

The Group's exposure to market risk for changes in foreign currency exchange rates relates primarily to certain trade receivables, trade and bills payables and certain cash and cash equivalents in currencies other than the functional currencies of the Group's operating subsidiaries. The Group uses derivative financial instruments to reduce its foreign currency risk, but the transactions do not qualify for hedge accounting.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK$'000
2015		
If United States dollar strengthens against Renminbi	**6.24**	**185,140**
If United States dollar weakens against Renminbi	**(6.24)**	**(185,140)**
2014		
If United States dollar strengthens against Renminbi	3.54	132,493
If United States dollar weakens against Renminbi	(3.54)	(132,493)

Credit risk

The carrying amount of trade receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's trade receivables. The Group has a significant concentration of credit risk in relation to trade receivables as the trade receivables due from the five largest customers accounted for 75% (2014: 73%) of the Group's trade receivables at the end of the reporting period.

The Group performs ongoing credit evaluations of its customers' financial conditions and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade receivables.

With respect to credit risk arising from the other financial assets of the Group, comprising cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure being equal to the carrying amounts of these instruments. There is no significant concentration of credit risk within the Group in relation to the other financial assets.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. In addition, banking facilities have been put in place for contingency purposes.

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

Group

	2015			
	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade and bills payables	**1,051,886**	**–**	**–**	**1,051,886**
Other payables and accruals	**772,267**	**–**	**–**	**772,267**
Interest-bearing bank borrowings	**3,552,847**	**1,426,260**	**–**	**4,979,107**
	5,377,000	**1,426,260**	**–**	**6,803,260**

	2014			
	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade and bills payables	1,347,954	–	–	1,347,954
Other payables and accruals	1,141,011	–	–	1,141,011
Interest-bearing bank borrowings	2,146,453	2,684,666	–	4,831,119
	4,635,418	2,684,666	–	7,320,084

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as an available-for-sale investment (note 21) as at 31 December 2015. The Group's listed investment is listed on the Taiwan Stock Exchange and is valued at the quoted market price at the end of the reporting period.

The market equity index for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period and its respective highest and lowest points during the year were as follows:

	31 December 2015	**High/low 2015**	31 December 2014	High/low 2014
Taiwan – TSEC Weighted Index	**8,338**	**10,014/7,203**	9,307	9,594/8,230

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of the equity investment, with all other variables held constant and before any impact on deferred tax, based on its carrying amount at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investment, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the statement of profit or loss.

	Carrying amount of equity investment HK$'000	**Increase/ (decrease) in equity price %**	**Increase/ (decrease) in equity * HK$'000**
2015			
Investment listed in:			
Taiwan – Available-for-sale	**23,331**	**37.27**	**7,218**
	23,331	**(37.27)**	**(7,218)**
2014			
Investment listed in:	32,146	50.34	13,431
Taiwan – Available-for-sale	32,146	(50.34)	(13,431)

* Excluding retained profits

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is calculated as the total bank borrowings over the total assets. The gearing ratios as at the end of the reporting period were as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Total bank borrowings	**4,903,537**	4,717,680
Total non-current assets	**8,931,108**	9,136,722
Total current assets	**6,524,875**	6,995,652
Total assets	**15,455,983**	16,132,374
Gearing ratio	**32%**	29%

41. COMPARATIVE AMOUNTS

As further explained in note 3.1 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**647,654**	975,218
CURRENT ASSETS		
Prepayments, deposits and other receivables	**441**	280
Cash and cash equivalents	**1,950**	42
Total current assets	**2,391**	322
CURRENT LIABILITIES		
Other payables and accruals	**3,452**	3,133
NET CURRENT LIABILITIES	**(1,061)**	(2,811)
Net assets	**646,593**	972,407
EQUITY		
Issued capital	**111,997**	116,195
Reserves (note)	**534,596**	856,212
Total equity	**646,593**	972,407

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Treasury shares HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2014	765,999	–	351,832	60,737	(76,648)	1,101,920
Total comprehensive income for the year	–	–	–	–	(9,335)	(9,335)
Cancellation of shares repurchased	(78,791)	–	–	–	–	(78,791)
Shares repurchased and not yet cancelled	(18,385)	(498)	–	–	–	(18,883)
Issue of shares in connection with the exercise of share options	45,520	–	–	(30,910)	–	14,610
Share-based compensation arrangements	–	–	–	21,796	–	21,796
2013 final dividend	(175,105)	–	–	–	–	(175,105)
At 31 December 2014 and 1 January 2015	**539,238**	**(498)**	**351,832**	**51,623**	**(85,983)**	**856,212**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(10,304)**	**(10,304)**
Issue of shares in connection with the exercise of share options	**40,327**	**–**	**–**	**(24,405)**	**–**	**15,922**
Issue of shares in connection with the exercise of warrants	**61,520**	**–**	**–**	**–**	**–**	**61,520**
Share issue expense	**(418)**	**–**	**–**	**–**	**–**	**(418)**
Cancellation of shares repurchased	**(247,941)**	**498**	**–**	**–**	**–**	**(247,443)**
Share-based compensation arrangements	**–**	**–**	**–**	**33,771**	**–**	**33,771**
2014 final dividend	**(174,664)**	**–**	**–**	**–**	**–**	**(174,664)**
As 31 December 2015	**218,062**	**–**	**351,832**	**60,989**	**(96,287)**	**534,596**

The Company's contributed surplus represents the excess of the fair value of the shares of the former Group holding company acquired pursuant to the Group reorganisation in 2005, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Law of the Cayman Islands, a company may make distributions to its members out of the contributed surplus in certain circumstances.

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 3.3 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 March 2016.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below:

RESULTS

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**8,936,133**	9,571,195	9,256,832	9,201,313	8,234,507
PROFIT BEFORE TAX	**1,150,174**	1,009,364	1,132,206	788,210	287,108
Income tax expense	**(204,919)**	(184,957)	(255,389)	(128,589)	(50,361)
PROFIT FOR THE YEAR	**945,255**	824,407	876,817	659,621	236,747
Attributable to:					
Equity holders of the Company	**874,957**	764,667	762,173	600,959	256,625
Non-controlling interests	**70,298**	59,740	114,644	58,662	(19,878)
	945,255	824,407	876,817	659,621	236,747

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**15,455,983**	16,132,374	14,717,986	13,249,300	11,372,523
TOTAL LIABILITIES	**(7,528,576)**	(8,174,809)	(7,085,196)	(6,632,706)	(5,473,812)
NON-CONTROLLING INTERESTS	**(1,381,509)**	(1,410,295)	(1,397,249)	(1,230,496)	(1,157,041)
	6,545,898	6,547,270	6,235,541	5,386,098	4,741,670