Tech Pro Technology Development Limited
德 普 科 技 發 展 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

Stock code : 03823

2015
ANNUAL REPORT

商界展關懷
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Corporate information

Directors

Executive directors
Mr. Li Wing Sang *(Chairman of the board)*
Mr. Liu Xinsheng
Mr. Chiu Chi Hong

Independent non-executive directors
Mr. Tam Tak Wah
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Audit committee

Mr. Tam Tak Wah *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Remuneration committee

Mr. Tam Tak Wah *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Nomination committee

Mr. Li Wing Sang *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Authorised representatives

Mr. Liu Xinsheng
Ms. Lee On Wing

Company secretary

Ms. Lee On Wing

Auditor

BDO Limited

Principal banker

The Hong Kong and Shanghai Banking Corporation Limited

Hong Kong branch share registrar and transfer office

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

Principal share registrar and transfer office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Registered office

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

Principal place of business

Unit 1402, 14/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Company website

http://www.techprotd.com

Stock code

03823

Chairman's statement

Mr. Li Wing Sang
Chairman

On behalf of Tech Pro Technology Development Limited (the "Company", together with its subsidiaries as the "Group"), I am pleased to present its annual report for the year ended 31 December 2015.

Global economy uncertainty is still high and markets remain vulnerable to negative news. Due to weaker US growth, worsening European credit and the devaluation of Renminbi, the markets are feeling rattled about the future. Despite of the unfavorable market environment, the Group still made improvement in 2015.

LED lighting business is the major focus of the Group. For the year ended 2015, revenues in the LED lighting segment has grown approximately 28.1% as compared to the corresponding period in 2014. Although the overall growth is holding steady, the dynamics within the lighting market are shifting dramatically which may bring challenges to the LED lighting manufacturers. The advantages of LED lighting are driving market share gains in the lighting market while the traditional lighting is going on contraction. Smart lighting systems are growing in popularity, particularly in the non-residential market, in part because they allow significant cost savings – another 40 percent on top of the sizeable savings generated by LED lighting technology. On the other hand, the total volume of lamp may decline in long term as the long life of both LED lighting and more efficient in conventional technologies will reduce the overall demand for replacements. In addition, the development of LED luminaires, which use not a separate lamp but a built in module fixture, will mean that fewer lamps will be needed in general. In the consumer market, the shift to LED luminaires for residential use will be rapid. The Group will keep pace with the trend development and take prudence and cautious steps to develop the businesses. Despite the challenges ahead, the Group is confident in future development in the LED lighting business.

The acquisition of a French football club, Football Club Sochaux-Montbéliard SA ("FCSM"), would undoubtedly be the highlight of the Group in 2015. To facilitate the entering into the LED lighting market in France, the Group decided to acquire the entire equity interest in FCSM in 2015. Upon the completion of acquisition in July 2015, the logo of "LEDUS" was shown on the jersey of the club, the most eye-catching areas in the football stadium, marketing materials and souvenirs of the club. Through the acquisition, FCSM would be the platform to the Group which we can build up our business collaboration in France. We will take the advantages of the club to promote our LED lighting products and energy efficiency projects to the public and private sectors. Currently FCSM is playing in French Ligue 2 and struggles to retain in the competition, the club has also successfully been qualified to the semi-final of French Cup after several victories against Ligue 1 teams such as Monaco which ranks 2nd in Ligue 1. FCSM owns its football academy where potential youth players are trained. Those potential youth players would be valuable assets to the club and who will be the skeleton of the squad of the club in coming years.

Many investors question China's ability to smoothly manage a complex transition; poor trade data, high credit growth and sizable capital outflows are fuelling these concerns. Policies in monetary supplies and controlling property growth triggered the PRC property markets in 2015, as a result the growth of the properties prices lost its momentum, particularly in the second tier cities. However, the property that the Group engaged in sub-leasing is located in a prime location in Shanghai, PRC, which is less sensitive to the volatility in property market. Currently the premise is fully occupied and the rental income is stable. As the central government is intensifying policies support on various fronts to help achieving its 6.5% economic growth as its target, broadened fiscal policy should compensate for the monetary constraints needed to maintain relative Renminbi stability, we found that the rental market in the first tier cities started moving upward in the early 2016. We are optimistic to the sub-leasing business and expect it can bring stable income to the Group.

Looking ahead, LED lighting business is still our major focus. We will keep on putting resources in products and technology development, market exploitation and cost control measures in order to enhance our competitiveness. We will take more effort in new markets development. With the completion of the energy efficiency projects on hand in the coming months, the Group will continue to work with the municipal governments, not only in Spain but also other European countries, to look for opportunities of collaboration. In addition, we believe the central government of the PRC has no intention to sharply devalue its currency to promote trade, the property market in the PRC is expected to recover and rent will go up gradually. The Group always strives to enhance the value of the Company and seek for the interests of the shareholders. The Group will keep on looking for business opportunities to broaden the income of the Company. We believe there are more challenges ahead, particularly the poor financial data in Hong Kong and the PRC, the Group will take cautious steps to move forward.

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to our shareholders, customers and business partners for their unwavering support, as well as the management team and all staff of the Group for their dedication and contribution over the past year.

Li Wing Sang
Chairman

Hong Kong, 24 March 2016

Report of the directors

The board (the "Board") of directors of Tech Pro Technology Development Limited (the "Company") is pleased to present to the shareholders the annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

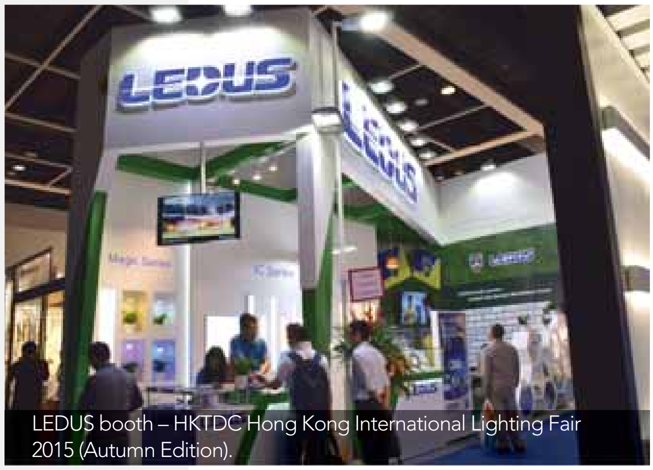
Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the major subsidiaries are set out in note 20 to the consolidated financial statements. Save for disclosed in note 39 to the consolidated financial statements, there were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The results of the Group for the year ended 31 December 2015 and its state of affairs as at 31 December 2015 are set out on pages 38 to 113.

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: RMBNil).



LEDUS booth – HKTDC Hong Kong International Lighting Fair 2015 (Autumn Edition).

Advertisement on the LEDUS booth – HKTDC Hong Kong International Lighting Fair 2015 (Autumn Edition).

LEDUS booth – Luxlive 2015, the UK.

Report of the directors

LED LIGHTING SEGMENT

Business Review

LED lighting business is still the main focus of the Group. In 2015, the Group kept on making progress in LED lighting business with an increase in turnover about 28.1% to approximately RMB184.8 million. The competition in LED lighting business was still keen and the selling prices of the LED lighting products and accessories were facing pressure. The increase in turnover is mainly due to the capture of new customers through the effort the Group has made in the previous years.

With more energy efficiency projects had been completed, the service incomes generated from the energy efficiency projects had increased about 74.5% to approximately RMB9.6 million. The Group has tried to provide maintenance services by its own in one of the projects so that it can maximize all the income from the project. All those projects are 16-years contracts which will contribute stable income and cashflow to the Group.

In 2015, the Group had participated various lighting exhibitions in Hong Kong and other countries such as the United Kingdom, Belgium, Germany and Thailand. These exhibitions enabled the Group to promote its brand, products, energy efficiency projects and exposure in those countries. In addition, the Group also sponsored some local communities activities in order to alert the public awareness of energy saving and promote its brand "LEDUS". It was the second year that the Company was awarded as the caring company in Hong Kong.

Business Outlook

The market for replacement lamps will still exist in the coming years as the prices of LED lighting products keep on decreasing, the advantages of LED lighting products are recognised by the customers and the popularity of LED lighting products. The Group will keep on exploring the oversea markets in order to capture more market shares and diversifying the customer bases. Europe is our major target market as the customers are willing to pay for higher quality LED lighting products. New markets such as US and the countries with high electricity fee are also our major targets.

With the success of the projects the Group has completed in Spain, there are more municipal governments in Spain working with us to looking for co-operation opportunities. The Group will take effort to promote the business collaboration in other countries in Europe such as France. The Group will seek for opportunities to promote the energy efficiency projects to private enterprises.

The Group will keep on putting resources into the products and technology development, particularly the LED luminaires for non-residential customers. We will also develop technology in LED modules, using the IC power supply chips, for the LED luminaires fixtures.

As the lighting market competition is keen and most of the cost increased cannot be shifted to the customers, we will use our best endeavor to take cost control measures. With effective cost control systems, it can enhance our competitiveness and also lower our costs of production. The Group understand there are different challenges and economic uncertainly situations ahead, we will, as usual, take prudence and cautious steps to develop our business.

Sponsor the Free Ride Day organised by Hong Kong General Chamber of Commerce, Hong Kong.

Advertisement on the bus, Hong Kong.

Report of the directors

Risks relating to the Group's business

(i) Risks in energy efficiency projects segment

One of the businesses in LED lighting segment is the provision of energy efficiency projects to the regional government. Those projects are relied on our products quality, level of services and relationship with the regional governments. Those projects will be launched with the process of tendering and it normally takes months to proceed, excluding the preparation works. We have put substantial resources into brand building and the customer relationships in order to enhance our chance to award the tenders. However, there is no assurance that we will get the tender successfully as there is competition from our competitors in Spain.

In addition, those projects are working under 16-years service contracts under which we need to provide our warranty to our products before the expiry of the contracts. We are confidence to the quality of our products which are durable and energy cost saving. However, the Group is exposed to the risk to replace all the street lamps partly or entirely if there is any product failure.

The Group is currently operating energy efficiency projects in four cities, Tarancon, Jaen, Gandia and Cartaya, which are concentrated in Spain. It is due to the Group had put substantial resources in developing the business in Spain. It makes the Group facing a risk that if there is any downturn in the economic conditions in Spain, it will affect the business development of energy efficiency projects in the country. However, the Group strives to explore LED lighting businesses in other countries in Europe in order to diversify the risks. The Group recently acquired the entire equity interest in Football Club Sochaux – Montbéliard SA and through which to be a platform to promote its own LED brand products, "LEDUS", and explore the LED lighting market in France.


LED project – Retail shop, Hong Kong.


LED project – Tunnel, the PRC.


LED project – Tennis court, Australia.


LED project – Office, Belgium.

(ii) **Competition from other LED lighting manufacturers**

There are many LED lighting manufacturers in the PRC and other global brands among which competition is intense. The rapid growth of LED lighting products adoption will continue as prices for the technology fall. More LED lighting manufacturers will reduce their selling prices to capture the market share, particularly the prices of low end products. The Group strives to develop high quality and innovative technology in LED lighting products, together with effective productivity and advance technology to control the cost of production. However, if the selling prices of LED lighting products slip precipitously, it may inevitably bring adverse effects to the income and the financial situation of the Group.

The Group has used its best endeavor to its brand building activities in order to differentiate its products with other competitors. If the brand building strategies are successful, it will enhance the sales of the Group's products.

(iii) **Focuses on the mid-stream and down-stream of the LED lighting industry**

The Group owns four factories in the PRC which are engaged in the manufacture and sale of LED lighting components and LED lighting finished products. The Group does not involve in the manufacturing of the LED chip (the source of light) which is the up-stream business of the industry. The production of LED chips requires huge capital investment, advance technologies, and intellectual patents, all of which are the major barriers and the Group is difficult to enter into. If the prices of the LED chips fluctuate volatility, it will bring adverse effects to the gross profit margin and the financial situation of the Group.

Further, if there is a shortage supply of LED chips in the market or a sudden increase in demand, the LED lighting manufacturers will offer higher prices to purchase sufficient stocks. It may raise the cost of production to the Group, it will bring adverse effects to the gross profit margin and the financial situation of the Group.


LED project – Restaurant, Belgium.


LED project – Beauty Shop, the PRC.


LED project – Restaurant, Belgium.


LED project – Office, Hong Kong.

(iv) Meet consumer preference or demands, and gain market acceptance and market share

The Group distributes a variety of LED lighting products under our own brand name. The success therefore depends, to a large extent, on the Group's ability to offer a diversified portfolio of LED lighting products that can meet changing consumer preference and needs. There is no assurance that the existing LED lighting products distributed by the Group will be able to satisfy changes in consumer preference and needs.

The Group may also fail to anticipate, identify or respond to the changes in consumer preference and needs on a timely basis, and the Group cannot assure that the Group will be able to gain or increase market recognition and market share for the Group's LED lighting products.

Risks relating to the industry in which the Group business operate

(i) Substitutes of LED lighting products

Lighting is an innovative industry where LED lighting products are one of the new technologies among various competitive products. There could be a potential substitute for LED lighting products which has the same features and functions of brighter, energy saving and durable. The failure to successfully introduce new or enhanced LED lighting products on a timely and cost-competitive basis or the inability to continue to market existing lighting products on a cost-competitive basis could have a material adverse effect on our business. In addition, sale of new lighting products may replace sale of some of the Group's existing LED lighting products, mitigating the benefits of new products introductions and possibly resulting in excess level of inventory.

Laws and regulations of our business

(i) No regulatory standards on LED lighting products' specification
There are currently no regulatory standards on LED lighting products' specification globally. As LED lighting is a new lighting technology of which products specifications vary from different manufacturers, there may be a risk that if there is a regulatory standards on LED lighting products' specifications, the current inventories of the Group may not be in compliance with the standards and those inventories cannot be sold in the market. It will bring material adverse effects to the financial situation of the Group.

All electronics products, including LED lighting products, sold in the markets should be in compliance with certain safety standards such as CE, UL and RoHS etc which varies from different countries. Currently, the Group's LED lighting products are in compliance with the prevailing standards and requirements. However, those standards and requirements may be revised from time to time and may be updated with the development of technologies or related regulations. The Group may not be in compliance with the latest updated standards and requirements if there is a short notice of such changes. It will bring material adverse effects to the financial situation of the Group.

In addition, manufacturers are subjected to various environmental regulations relating to disposal of wastes, without limitation. Compliance with these environment regulations could increase the cost of production. If the Group were unable to comply with these regulations the Group may not be able to sell noncompliant products in certain markets.

Report of the directors

PROFESSIONAL FOOTBALL CLUB SEGMENT

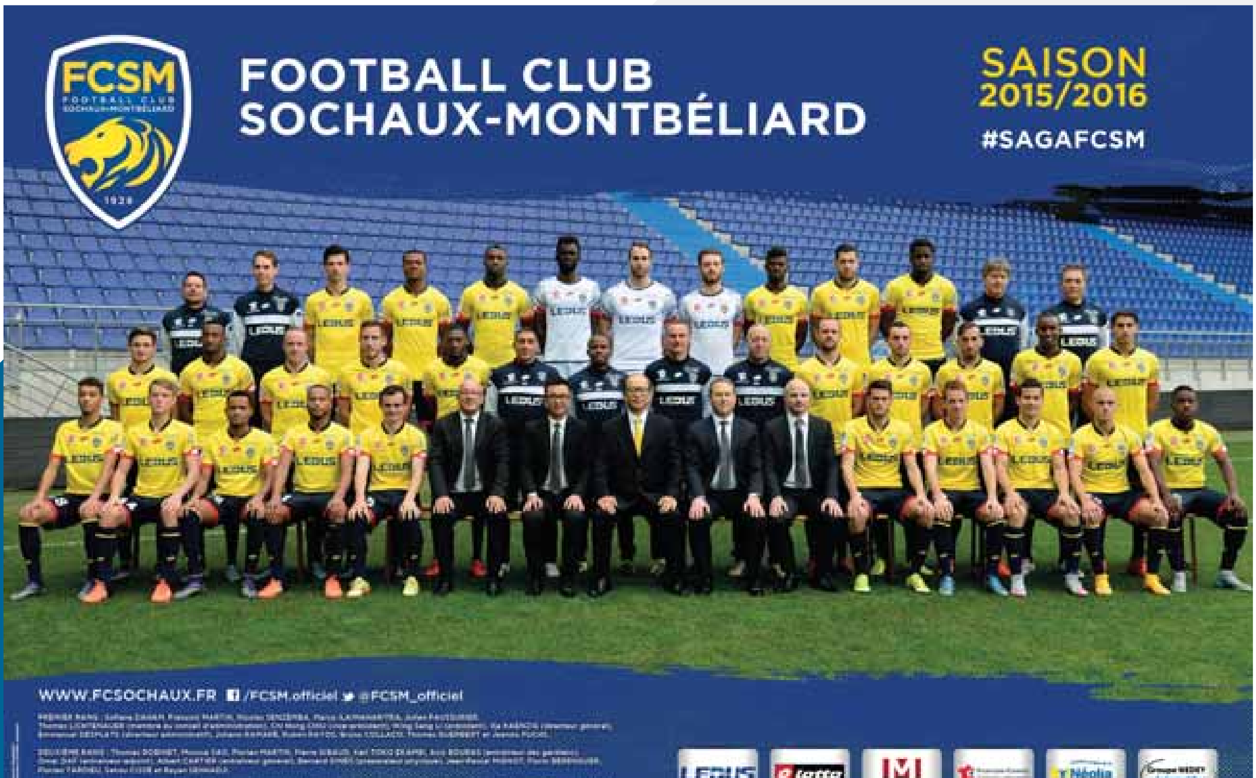
Business Review

The acquisition of a French Ligue 2 football club, Football Club Sochaux-Montbéliard SA ("FCSM"), was completed on 2 July 2015. Upon completion of acquisition, there was a press conference held to announce and introduce the Company and "LEDUS", the LED brand owned by the Company, to the mass media in France. There were more than 30 television, radio, newspaper, magazines and website companies attending the press conference. During the conference, the new jerseys of the club, with "LEDUS" logo at the front, were presented to the public, the supporters and the sponsors. The acquisition has already raised the public attention in France, not only in football field, but also in the society as we are the first Hong Kong based company owns a football club in France. Currently, "LEDUS" logo is shown on the most eye-catching areas in the Bonal Stadium, the home stadium of FCSM. Marketing materials and souvenirs with "LEDUS" logo are sold in the shop of FCSM. "LEDUS" logo can be seen in the television broadcast, newspapers or magazines during the match day. Through FCSM, as the platform in France, "LEDUS" has already got the public awareness and recognition which has brought a synergy effect to "LEDUS" LED lighting products. This enables the Group to promote the brand "LEDUS" LED lighting products in French lighting market.

The 2015-2016 season of Ligue 2 started in August 2015, FCSM currently ranks 18th and struggles in the competition. In French Cup, FCSM has good performance and has won several matches against teams from Ligue 1 such as Monaco, which ranks 2nd in Ligue 1, and qualified to semi-final. Most of the players of FCSM are French, while some of the players come from other European countries. FCSM also operates a youth football academy where youth players from ages 7 years old to 19 years old are trained. Potential youth players will be promoted to the squad and they may become the key players of the team in the future.

Business Outlook

As a platform for "LEDUS" to enter into the LED lighting market in France, the Group will utilize the connections through the club to look for business opportunities, not only with the regional governments, but also the French private enterprises. Energy efficiency projects will be introduced, together with our successful cases in Spain, to the regional governments in France.



Poster of FCSM for the season 2015/2016.

Report of the directors

Promotion back to Ligue 1 is always our target to FCSM. FCSM has many potential youth players who could be football stars in the future. There are seven matches in this season and the club will struggle to stay in Ligue 2. The Group has started the preparation works for the season 2016-2017 and targeted players are under scouting. Further, the Group will make use of the youth academy as a base to arrange visits or study tours from other youth teams in the PRC. It will help to build up the awareness and recognition of FCSM and its youth academy in the PRC, also broaden the source of income to the club.

Risks relating to the Group's business

(i) The performance and popularity of the football team

The revenues of the professional football club segment are dependent upon the performance and popularity of its football team. Significant sources of revenue are the result of strong performances in domestic competitions, specifically the French Ligue 2 and the French League Cup (Coupe de la Ligue). The income of the professional football club segment varies significantly depending on its football team's participation and performance in these competitions. The performance of its football team affects all three primary areas of revenue of the professional football club segment, which include (i) matchday revenue through ticket sales; (ii) media revenue through the frequency of broadcast appearances and performance-based share of league broadcast revenues and prize money; and (iii) commercial and sponsorship revenue through merchandising and sponsorship revenues.

The football team of the professional football club segment is currently playing in French Ligue 2. The revenue from matchday tickets, broadcasting and sponsorship and advertising of the professional football club segment may fall considerably if the football team is relegated from (or otherwise ceased to play in) the French Ligue 2. Relegation or a decline in the success of the football team, particularly in consecutive seasons, may negatively affect the ability of the football team to attract or retain talented players and coaching staff, as well as supporters and key sponsors, and may materially adversely affect the business, results of operations and financial condition of the professional football club.

(ii) Matchday supporters, who are concentrated in France

A significant amount of income of the professional football club segment derives from matchday ticket income to its supporters who attend football matches and its share of gate receipts from cup matches. In particular, the income generated from matchday ticket income will be highly dependent on the continued attendance at matches of its individual and corporate supporters. Match attendance is influenced by a number of factors, some of which are partly or wholly outside of its control. These factors include the success of the football team, ticket prices, broadcasting coverage and general economic conditions which affect personal disposable income and corporate marketing and hospitality budgets. A reduction in matchday attendance may have a material adverse effect on its matchday ticket income and its overall business.

The professional football club segment has a solid supporter base and the number of spectators is better than most of the teams in Ligue 2 and is satisfactory as compared with the teams in Ligue 1.

Awarded the champion by FCSM academy.

Mascot of FCSM, Sochalion, with our directors.

(iii) Strong competition from other football clubs

The professional football club segment faces strong competition from other football clubs in France and Europe. In the French Ligue, recent investment from wealthy team owners has led to teams with strong financial backing. As the French Ligue continues to grow, the interest of wealthy potential owners may increase, leading to additional clubs substantially increasing their financial strength. Competition from European clubs also remains strong. Other European football clubs are spending substantial sums on transfer fees and costs of players. Competition from inside and outside the French Ligue has led to higher costs of players of FCSM as well as increased competition on the field. The increase in competition could result in the football team finishing lower ranking in the French Ligue than it had in the past. Competition within France could also cause the football team to fail to advance in the French League Cup (Coupe de la Ligue). All of the above factors may materially adversely affect its matchday ticket, media and commercial revenues and its overall business.

Risks relating to the industry in which the Group business operate

(i) Ability to attract and retain key management and coaching staff

The professional football club segment is highly dependent on the members of its management, coaching staff, including its manager and players. Its success is highly dependent on its performance and, to a lesser degree, the behavior of players and staff on and off the pitch. Its ability to attract and retain the highest quality players and coaching staff is critical to the football team's success in league and cup competitions and, consequently, critical to its financial performance. A downturn in the performance of the football team may adversely affect its ability to attract and retain such coaches and players.

While the professional football club segment enters into employment contracts with each of its key personnel with the aim of securing their services for the term of the contract, the retention of their services for the full term of the contract cannot be guaranteed.

Welcome our CEO by FCSM management.

Announced the new jerseys with "LEDUS" logo.

(ii) An increase in the relative size of costs or transfer fees of players and coaching staff

The success of the professional football club segment depends on its ability to employ and retain the highest quality players and coaching staff. As a result, it is obliged to pay salaries generally comparable to its main competitors in France and Europe. Over the past years, salaries for players and coaching staff have increased significantly. If there is a continued increase in the level of salaries paid to top players and coaching staff in general, it may be required to increase the salaries it pay to avoid losing key members of the players and coaching staff. Further increases in salaries may adversely affect its results of operations.

Other factors, such as the proposed increase in the rate of income taxation or other changes to taxation in France and the relative strength of Euros, may make it more difficult to attract top players and coaching staff from Europe or require it to pay higher salaries to compensate for higher taxes or less favourable exchange rates. In addition, if its revenues fall and salaries remain stable (for example as a result of fixed player or coaching staff salaries over a long period), its staff cost would increase relative to its revenues, which may have a material adverse effect on its results of operations.

An increase in transfer fees would require the professional football club segment to pay more than budgeted for the acquisition of players' registrations in the future, although the effect of these increased costs may be mitigated by its ability to sell the registrations of existing players at increased prices. However, if the increase in transfer fees occurred at a time when it is looking to buy rather than sell players, there is a risk that net transfer fees could increase, resulting in a reduction in the amount of cash available for it to meet its obligations.

Laws and regulations of our business

(i) Compliance with the requirements incorporated by The National Directorate of Management Control

The National Directorate of Management Control is in charge of the legal and financial control of professional football clubs in France and ensures that they comply with the applicable national and international regulations. It also acts as a supervisor of the accounting documents of the FCSM and is mostly in charge of ensuring that the budget of the FCSM is balances and that the investments/expenses incurred by the FCSM do not exceed its financial capacities. In case of non-compliance with applicable regulations, the National Directorate of Management Control is entitled to pronounce restrictive measures including fines, banning from participating in the football cups for the season and downgrading the club to a lower league.

Bonal Stadium, the home stadium of FCSM.

Football players of FCSM.

PROVISION OF PROPERTY SUB-LEASING SERVICES SEGMENT

Business review

Property market in the PRC experienced a quiet period due to the slowing down of economic growth, tight monetary policies, government policies in controlling property prices, all these led to impacts to the property market and the property prices have lost its momentum to grow. As the property of which the Group engaged in sub-leasing business is located in a prime location in Shanghai, PRC, the level of rents has not been affected by the poor property market atmosphere. It generates a stable income to the Group.

Business Outlook

The Group expects the PRC central government has no intention to sharply devalue its currency to promote trade and will use its vast resources to fight speculation. Also the PRC central government expects there will be about 6.5% economic growth in 2016, market confidence appears restored for now. In the early 2016, the property market seems to pick up a rising steps, particularly in the first tier cities. We believe it may help the level of rent in the prime area in Shanghai, PRC to have a steady growth. In order to maintain the competitiveness of the premise in the rental market, the Group will enhance the facilities and services of the premise so that it will attract reputable tenants to stay in the premise.

Risks relating to the Group's business

(i) Competition from other landlords

The Group faces significant competition from various landlord companies and independent landlords who may lease out their properties from time to time. Those competitors of the Group may have the ability to offer better hire rates or deploy larger fleets. Some of the competitors of the Group may also have better market penetration in certain locations and greater financial resources than the Group does. As a consequence, the Group may have to lower hire rates in order to maintain and/or attract tenants, which in turn may reduce the revenue and profitability of the Group. The Group may also experience a loss of market share if it is unable to compete effectively.

Appearance of premise in Shanghai, PRC.

(ii) Deterioration of out-dated facilities

The premise has been built for years and some of facilities are not at the latest design and development. As more new commercial buildings with modern facilities have been built in recent years, some of the customers may move to the more modern and new buildings. If the facilities of the premise are deteriorated and no renovation works have been done to upgrade its services, it may not attract new tenants and rental cannot reach to a more competitive level. Therefore, the Group may face a risk to put more resource to renovate the building and advance the facilities from time to time. The Group will expect those resource is from internal and may have impact to the financial situation of the Group.

Risks relating to the industry in which the Group business operate

(i) Changes in rental rates and occupancy rates

The rental rates and the occupancy rates will be affected by various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group is able to look for new tenants within a short period of time or procure new leases or renew leases at the prevailing market rates.

(ii) Downturn of the PRC economy

The premise of the Group operating the sub-leasing business is fully occupied. It is due to its prime location in Shanghai, PRC and strong economic growth experienced in the last decades which lead to a huge demand in the property market. It is expected that the PRC will experience a relatively lower economic growth in the coming years which may lead to a contraction in demand in the property market. It may lead to a pressure to the growth rates of rental and occupancy of the premise. If there is a high rate of vacancy or a reduction in rental may have an adverse effect to the income and the financial situation of the Group.

Laws and regulations of our business

(i) Highly regulated and affected by the governmental policies

The rental leasing services are highly regulated and affected by the governmental policies. Any changes in legislative or regulatory requirements may render certain restrictions on the Group's business.

The Group may need to upgrade existing facilities to meet any new standards imposed by the relevant regulatory authorities from time to time. There is no guarantee that the Group can keep up with such new regulatory standards, and significant capital investment may be required for the Group to comply with such requirement and to remain competitive. In the event that the Group is unable to keep up with such regulatory standard in a timely manner at reasonable costs, the Group may not be able to continue to operate and/or maintain its competitiveness and its profit may be adversely affected.

Appearance of premise in Shanghai, PRC.

Financial Review

Turnover

For the year ended 31 December 2015, the Group recorded a turnover of approximately RMB220.0 million (2014: approximately RMB144.3 million), representing an increase of approximately 52.5%.

The categories of the Group's turnover is shown in the following table:

	2015		2014	
	RMB'000	**%**	RMB'000	%
Sale of products and accessories	**176,724**	**80.3**	138,820	96.2
Service income from energy efficiency projects	**9,617**	**4.4**	5,507	3.8
Broadcasting income	**19,002**	**8.6**	–	–
Matchday ticket income	**4,710**	**2.1**	–	–
Sponsorship and advertising income	**9,973**	**4.6**	–	–
Total	**220,026**	**100.0**	144,327	100.0

The increase in the Group's turnover was primarily attributed to (i) the increase in turnover contributed from LED lighting segment; and (ii) the newly acquired professional football club segment on 2 July 2015. The turnover from the professional football club segment represented approximately 16.0% of total turnover of the Group for the year ended 31 December 2015. The turnover from LED lighting segment increased by approximately 28.1% from approximately RMB144.3 million in 2014 to approximately RMB184.8 million in 2015. Under the LED lighting segment, the turnover from the sale of LED lighting products and accessories was increased by approximately 26.2%, which amounted from approximately RMB138.8 million in 2014 to approximately RMB175.2 million in 2015. The service income from energy efficiency projects was also increased by approximately 74.5%, which amounted from approximately RMB5.5 million in 2014 to approximately RMB9.6 million in 2015, it is due to the installation of the 3rd and 4th Spanish energy efficiency projects were completed in 2015.

Gross profit margin

The gross profit margin (excluding the service income) of the Group was approximately 13.0% (2014: approximately 24.5%). The decrease in gross profit margin was mainly attributed to a single transaction with high gross profit margin in selling the LED lighting products in overseas markets was recorded in 2014 but it returned to the average market margin in 2015.

Results for the year

The consolidated loss before income tax of the Group for the year ended 31 December 2015 was approximately RMB282.0 million (2014: approximately RMB267.1 million), represented an increase of approximately 5.6%. The increase in consolidated loss before income tax was primarily attributable to the following factors:

(i) increase in administrative and other operating expenses of approximately RMB96.1 million from approximately RMB50.6 million in 2014 to approximately RMB146.7 million in 2015;

(ii) increase in impairment loss on other intangible assets of approximately RMB79.5 million from approximately RMB28.2 million in 2014 to approximately RMB107.7 million in 2015;

(iii) fair value loss on contingent consideration receivables of approximately RMB5.9 million was recorded in 2015; and

(iv) net realised and unrealised loss on other current financial assets of approximately RMB2.2 million was recorded in 2015.

However, these factors which led to increase in consolidated loss before income tax were compensated by the following factors:

(v) decrease in impairment loss on goodwill of approximately RMB16.5 million from approximately RMB96.0 million in 2014 to approximately RMB79.5 million in 2015;

(vi) decrease in net fair value loss on bonds and convertible bonds of approximately RMB22.0 million from approximately RMB22.0 million in 2014 to RMBNil in 2015;

(vii) a gain on bargain purchase from the acquisition of FCSM of approximately RMB62.0 million was recognised in 2015; and

(viii) decrease in finance costs, including imputed interests on the bonds and convertible bonds of approximately RMB31.9 million from approximately RMB33.3 million in 2014 to approximately RMB1.4 million in 2015.

All of the above factors from (ii) to (vii) and the imputed interest incurred on bonds and convertible bonds mentioned in (viii) are non-cash or non-recurring items. The increase in administrative and other operating expenses were mainly due to the completion of acquisition of a wholly-owned subsidiary, FCSM, in 2015.

Impairment loss on goodwill and other intangible assets

The impairment loss on goodwill and other intangible assets of the Group for the year ended 31 December 2015 was approximately RMB79.5 million (2014: approximately RMB96.0 million) and approximately RMB107.7 million (2014: approximately RMB28.2 million) respectively, as during the year ended 31 December 2015, the turnover and/or gross profit margin of certain group of subsidiaries were reduced as compared to 2014. The reduction was mainly attributable to (i) selling prices of the LED lighting products have been decreased as there was keen competition in these particular LED lighting products and accessories sectors; (ii) the costs of production were kept on rising such as the labour cost, utilities cost; and (iii) the increased costs of production and operation cannot be shifted to the customers.

Further, the managements expect that the selling prices of the LED lighting products will keep on decreasing as most of the LED lighting manufacturers will intend to capture more of their market share by reducing the selling prices.

Finance costs

For the year ended 31 December 2015, finance costs of the Group were approximately RMB1.4 million (2014: approximately RMB33.3 million), which represents a decrease of approximately 95.8%. This was mainly due to no imputed interest expenses incurred from the convertible bonds issued in 2014 and decrease in interest expenses incurred from the bonds issued in 2012.

Geographical information

The principal source of turnover was derived from sale of LED lighting products and accessories in PRC and accounted for approximately 42.9% (2014: approximately 71.7%) of the Group's total turnover for the year ended 31 December 2015.

Liquidity and financial resources

As at 31 December 2015, the Group had current assets of approximately RMB445.7 million (2014: approximately RMB286.1 million) and current liabilities of approximately RMB124.0 million (2014: approximately RMB138.7 million). The current ratio of the Group as at 31 December 2015 was approximately 3.6 (2014: approximately 2.1) where an improvement in current ratio was recorded. The improvement is mainly due to the enrichment of current assets upon the completion on acquisition of a wholly-owned subsidiary, FCSM, in 2015.

As at 31 December 2015, the Group had cash and cash equivalents of approximately RMB128.6 million (2014: approximately RMB33.4 million), wholly representing cash at banks and in hand. Total bank loans were approximately RMB0.1 million (2014: approximately RMB11.3 million) and were denominated in HKD, all of which were short term borrowings and were subject to variable interest rates. As at 31 December 2015, the Group's obligations under finance leases were approximately RMB1.2 million (2014: approximately RMB0.8 million). As at 31 December 2014, there was outstanding bonds payable together with the accrued interests were approximately RMB66.4 million which was fully repaid during the year ended 31 December 2015.

As at 31 December 2015, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Group was zero (2014: approximately 4.5). The decrease in gearing ratio as at 31 December 2015 was principally attributable to the increase in assets after completion of acquisition of a wholly-owned subsidiary, FCSM, in 2015.

Exchange risk exposure

The Group's sale were principally denominated in Renminbi, Hong Kong Dollars, US Dollars and Euro, with the majority denominated in RMB and EUR. This may expose the Group to foreign currency exchange risks. The Group had not adopted formal hedging policies and no instruments had been applied for foreign currency hedging purposes during 2015. However, in view of the fluctuation of Renminbi and Euro against Hong Kong Dollars and US Dollars, the Group will adopt all applicable financial instruments to hedge against currency risks whenever necessary.

Contingent liabilities

As at 31 December 2015, the Group had contingent liabilities regarding to purchase of players to selling clubs and agents of approximately RMB5.8 million (2014: RMBNil) and performance bonus to players and management staff of FCSM of approximately RMB3.7 million (2014: RMBNil).

Capital commitment

As at 31 December 2015, there was no outstanding capital commitments contracted but not provided for in respect of the purchase of property, plant and equipment and other non-current assets (2014: approximately RMB2.9 million) and authorised but not provided for in respect of property, plant and equipment as at 31 December 2015 (2014: Nil).

Charge on assets

As at 31 December 2015, pledged bank deposits of approximately RMB0.5 million (2014: approximately RMB23.9 million) and other current financial assets of approximately RMB24.3 million (2014: RMBNil) were pledged to secure banking facilities granted to the Group.

Employee information

As at 31 December 2015, the Group had over 600 (2014: over 500) employees the majority of whom stationed in the PRC. Total employee remuneration for the year ended 31 December 2015 amounted to approximately RMB58.3 million (2014: approximately RMB29.8 million). The Group adopts a competitive remuneration package and incentives for its employees. Promotion, salary increments and discretionary bonus are assessed based on a performance related basis. Share options may also be granted to staff with reference to individual's performance. Employees are encouraged to take training courses or seminars from time to time to enhance their knowledge and skills.

Significant investment, material acquisition and disposal of subsidiaries and associated companies

Save as disclosed in note 39 to the consolidated financial statements, there was no significant investment, material acquisition or disposal of subsidiaries, joint ventures and associates by the Company during the year ended 31 December 2015.

Environmental policy and performance

The Group emphasises on environmental conservation. Although the Group does not establish a formal environmental policy, various measures have been implemented to encourage compliance with environmental legislation and promote awareness towards environmental protection to the employees. It implements green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. To conserve the environment, the Group encourages staff to maintain electronic records in order to reduce paper consumption. The Group will review its environmental practices periodically and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses.

Relationship with employees, customers and suppliers

The Group establishes good working relationship with employees. The quality of the employer-employee relationship affects each employee's morale, productivity and ultimately, the Company's profitability. Each employee's ideal work environment varies and the expectations include a relationship that is mutually respect, encourages open communication and is free of hostile working conditions. Certain employees have worked for the Group for over 5 years.

Report of the directors

A remuneration committee has been set up for reviewing the Group's emolument policy and structure for all remuneration of the directors of the Company and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company has adopted a share option scheme as incentive to directors of the Company and eligible employees of the Group, details of the scheme are set out in the section headed "Equity-linked agreements – Share option scheme" below.

The Group participates in a defined benefits plan which cover approximately 13.3% of the Group's employees and several defined contribution retirement plans and operates a Mandatory Provident Fund scheme. Particulars of these retirement schemes are set out in note 33 to the consolidated financial statements.

The Group has built a solid track record for providing reliable and cost competitive products and has a good reputation with the customers. Over the years, the Group has built up customers loyalty of more than 5 years.

The Group puts strong emphasis on the reliability of suppliers to meet customer's needs. The Group's practice to make prompt payment to suppliers benefited the Group from negotiating a better price and maintaining long term relation with the suppliers.

Donation

Donations made by the Group during the year amounted to approximately RMB9,000 (2014: approximately RMB3,000).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

Bank loans and other borrowings

Details of banks loans and other borrowings of Group as at 31 December 2015 are set out in notes 29 and 32 to the consolidated financial statements respectively.

Equity-linked agreements

Details of the equity-linked agreements entered into during the year or subsisting at the end of year are set out below:

Unlisted warrants

(i) Tranche 1 Unlisted Warrants issued on 7 December 2012

During the year ended 31 December 2012, the Company issued 89 tranche 1 unlisted warrants, as part of the consideration for the extinguishment of the then outstanding convertible notes, which entitle their holders to subscribe for a total of 29,666,637 ordinary shares of HK$0.01 each of the Company at an initial subscription price of HK$3.00 per share, subject to anti-dilutive adjustments in accordance with the terms of the unlisted warrant instruments ("Tranche 1 Unlisted Warrants"). During the year ended 31 December 2014, the number of shares can be subscribed and the subscription price was adjusted to 35,600,000 shares and HK$2.50 per share respectively as a result to the completion of the bonus issue. The Tranche 1 Unlisted Warrants are exercisable at any time during the period commencing from 7 December 2013 to 6 December 2017.

During the year ended 31 December 2015, 35,600,000 (2014: Nil) new ordinary shares of HK$0.01 each were issued, in accordance with the terms of the relevant unlisted warrants instrument, for cash at a subscription price of HK$2.50 per share, representing a discount ranged from 57.19% to 68.11% (2014: N/A) to the closing prices of the Company's shares on the respective issue dates. The subscription price was settled by (i) offset against the Group's bonds payable in the aggregate amount of RMB67,543,000 and (ii) cash of RMB2,742,000. The new ordinary shares were issued, in accordance with the terms of the relevant unlisted warrants instrument, under the specific mandate granted to the directors of the Company at the extraordinary general meeting of the Company held on 5 December 2012 and rank pari passu with the existing ordinary shares in issue in all respects. During the year ended 31 December 2015, the unlisted warrants were fully subscribed (2014: 89 outstanding Tranche 2 Unlisted Warrants).

(ii) Tranche 2 Unlisted Warrants issued on 7 December 2012

During the year ended 31 December 2012, the Company issued 88 tranche 2 unlisted warrants as part of the consideration for the extinguishment of the convertible notes, which entitle their holders to subscribe for a total of 45,128,248 ordinary shares of HK$0.01 each of the Company at an initial subscription price of HK$1.95 per share, subject to anti-dilutive adjustments in accordance with the terms of the unlisted warrant instruments ("Tranche 2 Unlisted Warrants"). During the year ended 31 December 2014, the subscription price was adjusted to HK$1.63 per share as a result the completion of the bonus issue. The Tranche 2 Unlisted Warrant are exercisable at any time during the period commencing from 7 December 2012 to 6 December 2017.

During the year ended 31 December 2015, no Tranche 2 Unlisted Warrants was exercised to subscribe for ordinary shares of the Company. During the year ended 31 December 2014, 5,640,000 new ordinary shares of HK$0.01 each were issued, in accordance with the terms of the relevant unlisted warrants instrument, for cash at a subscription price of HK$1.95 per share, representing a discount ranged from 47.86% to 48.00% to the closing prices of the Company's shares on the respective issue dates. The proceeds were used to reduce the borrowing and to provide additional working capital of the Group such as to purchase materials for manufacturing LED lighting products and operation expenses. The new ordinary shares were issued, in accordance with the terms of the relevant unlisted warrants instrument, under the specific mandate granted to the directors of the Company at the extraordinary general meeting of the Company held on 5 December 2012 and rank pari passu with the existing ordinary shares in issue in all respects. As at 31 December 2015, there are 0.01 (2014: 0.01) outstanding Tranche 2 Unlisted Warrants.

(iii) Unlisted warrants issued on 20 June 2014

During the year ended 31 December 2014, the Company entered into a placing agreement with the placing agent which was an independent third party, pursuant to which, the Company issued 100,000,000 unlisted warrants to individual, corporate and institutional investors at a placing price of HK$0.15 each, resulting in the net proceeds of HK$15,000,000, equivalent to approximately RMB12,042,000. Each unlisted warrant entitles the holder to subscribe for one ordinary share of HK$0.01 each of the Company at an initial subscription price of HK$3.95 per share, subject to anti-dilutive adjustments in accordance with the terms stipulated on the unlisted warrants instrument. The unlisted warrants were issued on 20 June 2014. Subsequently, the subscription price was adjusted to HK$3.29 per share as a result of the completion of the bonus issue and further adjusted to HK$0.82 per share as a result of the completion of the share subdivision. The proceeds were utilised by the Group as its general working capital and to finance the operation of the Company such as to purchase materials for manufacturing LED lighting products.

During the year ended 31 December 2015, 42,000,000 (2014: 8,000,000) new ordinary shares of HK$0.01 each and 50,000,000 (2014: Nil) new ordinary shares of HK$0.0025 each were issued, in accordance with the terms of the relevant unlisted warrants instrument, for cash at an adjusted subscription price of HK$3.29 and HK$0.82 per share respectively, representing a discount ranged from 42.98% to 60.82% (2014: 35.11% to 46.33%) to the closing prices of the Company's shares on the respective issue dates. The proceeds were used to finance the consideration of acquiring the entire equity interest of a company, to reduce the liabilities and to provide additional working capital of the Group such as to purchase materials for manufacturing LED lighting products and operation expenses. The new ordinary shares were issued, in accordance with the terms of the relevant unlisted warrants instrument, under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 26 May 2014 and rank pari passu with the existing ordinary shares in issue in all respects. At 31 December 2015, the unlisted warrants were fully subscribed (2014: 92,000,000 outstanding unlisted warrants).

Share Option Scheme

In order to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 26 July 2007 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the shares of the Company (the "Shares") to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group or any substantial shareholder of the Company. The Scheme became unconditional on 6 September 2007 and shall be valid and effective for a period of ten years commencing on 26 July 2007, subject to the early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of option is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price at the discretion of the Board, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue at the date when the Shares were first listed on the Stock Exchange. The Company may at any time refresh such limit, subject to in compliance with the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Scheme. There is no minimum period for which an option must be held before it can be exercised under the Scheme.

No share options were granted, exercised or cancelled by the Company under the Scheme during the year ended 31 December 2015 and there are no outstanding share options under the Scheme as at 31 December 2015. The total number of Shares available for issue under the Scheme as at the date of this report was 433,080,800 Shares which represented 6.63% of the issued share capital of the Company as at 31 December 2015.

Information on the accounting policy for share options granted and the weighted average value per option is provided in notes 3(w)(iii) and 35 to the consolidated financial statements.

Reserves

Loss attributable to owners of the Company, before dividends, of approximately RMB192,208,000 (2014: approximately RMB216,852,000) have been transferred to reserves. Other movements in the reserves of the Company and the Group during the year are set out in note 38 to the consolidated financial statements and in the consolidated statement of changes in equity on page 42 of this annual report respectively.

Distributable reserves of the Company

The Company's reserves available for distribution to owners as at 31 December 2015 are set out in note 38 to the consolidated financial statements.

Share capital

Details of movements in the Company's share capital is set out in note 36 to the consolidated financial statements. Shares were issued during the year upon exercise of unlisted warrants and completion of shares subdivision. Details about the issue of shares are also set out in note 36 to the consolidated financial statements.

The Company had not purchased, sold or redeemed any of its shares during the year. Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Pre-emptive rights

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

Remuneration of directors and five highest paid individuals

Details of the emoluments of the directors of the Company and the top five highest paid individuals of the Group are set out in notes 10 and 11 to the consolidated financial statements respectively.

Major customers and suppliers

During the year, sales to the Group's five largest customers accounted for approximately 48.7% of the Group's total turnover. In particular, sales to the largest customer of the Group accounted for approximately 23.3% of the Group's total turnover for the year.

During the year, purchases from the Group's five largest suppliers accounted for approximately 52.8% of the Group's total purchases for the year, In particular, purchases from the Group's largest supplier accounted for approximately 30.1% of the Group's total purchases for the year.

To the best knowledge of the directors of the Company, none of the directors of the Company, their associates (as defined in the Listing Rules) or any shareholder (which to the knowledge of the directors of the Company own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest customers or suppliers.

Material related party transactions

The material related party transactions for the year ended 31 December 2015 are set out in note 44 to the consolidated financial statements. None of these material related party transactions fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Group financial summary

A five year summary of the results and of the assets and liabilities of the Group as at 31 December is set out on page 114 of this annual report.

Report of the directors

Directors and directors' service contracts

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

Executive directors

Mr. Li Wing Sang *(Chairman)*
Mr. Liu Xinsheng
Mr. Chiu Chi Hong

Independent non-executive directors

Mr. Tam Tak Wah
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

In accordance with the Company's articles of association, Mr. Li Wing Sang and Mr. Tam Tak Wah shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received the annual confirmations of independence, pursuant to Rule 3.13 of the Listing Rules, from each of the independent non-executive directors of the Company and as at the date of this report still considers them to be independent.

Each of the above executive directors of the Company has entered into a service contract for a term of three years, which may be terminated by either party giving the other party not less than six months' prior notice in writing, whereas, each of the above independent non-executive directors has entered into a service contract for a term of two years, which may also be terminated by either party by giving the other party at least one month's prior notice in writing.

All directors of the Company are subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the articles of association of the Company.

Save as disclosed above, none of the director of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Director's interest in transactions, arrangement and contracts

No transactions, arrangement or contracts of significance in relation to the Group's business to which the Company, any of its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as the end of the year or at any time during the year.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Biographical details of directors and senior management

Executive directors

Mr. Li Wing Sang (李永生), aged 58, was appointed as an executive director of the Company on 11 December 2009. He has extensive marketing and management experience in the fields of electrical household appliance which are in senior management positions. He holds a bachelor degree from Kobe University of Commerce, Japan. Mr. Li is currently the directors of certain subsidiaries of the Company.

Mr. Liu Xinsheng (劉新生), aged 47, is an executive director of the Company. He is responsible for the Board's general affairs. Mr. Liu graduated from Nanjing Audit College (南京審計學院) specialising in accounting in 1991. He is a registered international internal auditor, a registered tax agent of the PRC and an accounting professional. Mr. Liu has over 10 years' experience in the field of accounting and auditing. Prior to joining the Group in February 2006, he worked in the auditing department of Panda Electronics Group Company (熊貓電子集團公司) from July 1991 to December 1998, was the manager of the auditing department of Jiangsu Technology Import and Export Company (江蘇技術進出口公司) from January 1999 to February 2003, the general manager of auditing and legal department and cost control department of Nanjing Chixia Development Company Limited (南京棲霞建設股份有限公司) from February 2003 to February 2006. Mr. Liu is currently the director of certain subsidiaries of the Company.

Mr. Chiu Chi Hong (招自康), aged 51, was appointed as an executive director of the Company on 11 July 2011. He holds a bachelor degree from Griffith University, Australia. He has over 15 years' experience in business development, corporate management, finance and accounting fields. Mr. Chiu is currently the director of certain subsidiaries of the Company.

Independent non-executive directors

Mr. Lau Wan Cheung (劉雲翔), aged 51, was appointed as independent non-executive director of the Company on 8 June 2011. He holds a master degree in Information Technology from the National University of Ireland, Ireland and a bachelor degree in Accounting from the University of Hull, England. Mr. Lau has over 20 years of experience in accounting, finance and business management.

Mr. Ng Wai Hung (吳偉雄), aged 52, was appointed as an independent non-executive director of the Company on 8 April 2011. He is a practising solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors. Mr. Ng practises in the areas of securities law, corporate law and commercial law in Hong Kong. Mr. Ng is also an independent non-executive director of another six companies listed on the Main Board and one company listed on the Growth Enterprise Market of the Stock Exchange, namely Fortune Sun (China) Holdings Limited (stock code: 352), Gome Electrical Appliances Holding Limited (stock code: 493), Sustainable Forest Holdings Limited (stock code: 723), Trigiant Group Limited (stock code: 1300), On Time Logistics Holdings Limited (stock code: 6123), Kingbo Strike Limited (stock code: 1421) and Lajin Entertainment Network Group Limited (stock code: 8172). Mr. Ng was also an independent non-executive director of Perception Digital Holdings Limited (stock code: 1822) and Qingdao Holdings International Limited (stock code: 499), both of which are the company listed on the Main Board of the Stock Exchange and resigned in August 2014 and September 2014 respectively.

Mr. Tam Tak Wah (譚德華), aged 50, was appointed as an independent non-executive director of the Company on 7 January 2011. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Tam is appointed to membership of Disciplinary Panel of the HKICPA for the period from February 2014 to January 2018. Mr. Tam has over 25 years of experience in accounting, corporate finance and corporate development. He is currently an executive director of International Standard Resources Holdings Limited (stock code: 91) and Skyway Securities Group Limited (stock code: 1141), a non-executive director of Kingbo Strike Limited (stock code: 1421) and an independent non-executive director of Central Wealth Financial Group Limited (stock code: 572), all are companies listed on the Main Board of the Stock Exchange. Mr. Tam was an independent non-executive director of Goldenway, Inc (stock code: GWYI) which is a company whose common stock were traded in the OTCQB of the United States of America and Siberian Mining Group Company Limited (stock code: 1142) which is a company listed on the Main Board of the Stock Exchange, and resigned in August 2013 and February 2014 respectively.

Senior management

Ms. Lee On Wing (李安穎), aged 41, is the company secretary and authorised representative of the Company. Ms. Lee joined the Company as the finance manager since 2011. Ms. Lee holds a bachelor degree of accounting from the City University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom. She has over 10 years of experience in auditing, accounting, finance and company secretarial fields. Prior joining the Company, Ms. Lee has worked as a senior auditor in an international accounting firm from 2007 to 2011.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations

At 31 December 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which required notification pursuant to Division 7 and 8 of XV of the SFO, or which are required, pursuant to section 352 of the Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(i) Interests in the issued shares of the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Executive director:			
Mr. Li Wing Sang	Beneficial owner	1,227,324,400 (Long position)	18.8%
	Beneficial owner	139,516,800 (Short position)	2.1%
Mr. Chiu Chi Hong	Beneficial owner	345,472,000 (Long position)	5.3%
Mr. Liu Xinsheng	Beneficial owner	175,670,400 (Long position)	2.7%

(ii) Interests in the issued shares of associated corporation

As at 31 December 2015, none of the directors or any of their associates or chief executive of the Company, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of substantial shareholders in shares, underlying shares and debentures of the Company

At 31 December 2015, so far as is known to the directors of the Company, the following person (other than the directors or chief executive of the Company), who had interests of 5% in the shares or underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Hui Wah Ying, Joelle (Note 1)	Deemed	345,472,000 (Long position)	5.3%

Note 1: Ms. Hui Wah Ying Joelle ("Ms. Hui") is the spouse of Mr. Chiu Chi Hong ("Mr. Chiu"), an executive director of the Company. By virtue of the SFO, Ms. Hui is deemed to be interested in the 345,472,000 Shares which are beneficially owned by Mr. Chiu.

Report of the directors

Directors' rights to acquire shares, underlying shares or debentures

Save as disclosed under the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures of the Company and its associated corporations" above, at no time during the year was the Company, or any its holding company, subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Competing interests

None of the directors, and the substantial shareholders had any interests in any business, which competed with or might compete with the business of the Group.

Corporate governance

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

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

Closure of register of members

The register of members of the Company will be closed from 23 May 2016 to 24 May 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the annual general meeting of the Company to be held on 25 May 2016, unregistered holders of shares of the Company should ensure that all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investors Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 20 May 2016.

Auditor

BDO Limited ("BDO") was first appointed as auditor of the Company in 2014 upon filling the vacancy following the resignation of Crowe Horwath (HK) CPA Limited which acted as auditor of the Company in 2013.

BDO shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Li Wing Sang
Chairman

Hong Kong, 24 March 2016

Corporate governance report

The board (the "Board") of directors (the "Directors") of Tech Pro Technology Development Limited (the "Company", together with its subsidiaries the "Group") is committed to achieving and maintaining high standards of corporate governance to ensure that all decisions are made in good faith, in the best interest of shareholders and in long-term shareholders value.

Code on corporate governance practices

The Company has applied the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in appendix 14 to the Rules (the "Listing Rules") Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has complied with the code provisions of the Code for the year ended 31 December 2015, save for the exception explained in this report under the section headed "Chairman and chief executive officer".

The Board as a whole is responsible for performing the corporate governance duties. The Board periodically reviews and improves the corporate governance practices and standards of the Company with a view to continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

Board of directors

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The management was delegated the authority and responsibility by the Board to the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees. Further details of these committees are set out below in this report. All Board members have separate and independent access to the Company's management to fulfil their duties, and upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda and the accompanying relevant documents are distributed to the Directors or members of the board committees with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of board committees, which recorded in sufficient details the matters considered by the Board or the board committees and decisions reached, including any concerns raised by the Directors or dissenting views expressed, are kept by the company secretary and open for inspection by the Directors.

The Company has received from each of the independent non-executive directors ("INEDs") an annual confirmation of their independence and considers that all the INEDs are independent under the guidelines set out in rule 3.13 of the Listing Rules.

The members of the Board during the year 2015 and as at the date of this report are:

Executive directors:
Mr. Li Wing Sang
Mr. Liu Xinsheng
Mr. Chiu Chi Hong

Independent non-executive directors:
Mr. Tam Tak Wah
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Brief biographical details of the Directors are set out in the "Biographical details of directors and senior management" section in the Report of the directors on pages 24 to 25 of this annual report.

Board meetings and attendance

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. During the year 2015, forty Board meetings were held and attendance of each Director at the Board meeting is set out as follows:

Directors	Attendance/ Meeting held
Executive directors	
Mr. Li Wing Sang	40/40
Mr. Liu Xinsheng	40/40
Mr. Chiu Chi Hong	40/40
Independent non-executive directors	
Mr. Tam Tak Wah	5/5
Mr. Ng Wai Hung	5/5
Mr. Lau Wan Cheung	5/5

Chairman and chief executive officer

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer". This deviates from the code provision A.2.1 of the Code.

Mr. Li Wing Sang, who acts as the chairman of the Board during the year 2015, is also responsible for overseeing the general operations of the Group. As the Board will meet or discuss regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the roles of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Board understands the importance to comply with the code provision A.2.1 of the Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and chief executive officer.

Appointment, re-election and removal of directors

Each of the executive directors of the Company has entered into a service contract with the Company for a term of three years, which may be terminated by either party by giving not less than six months' prior written notice, whereas, each of the non-executive directors has also entered into a service contract with the Company for a term of two years, which may be terminated by either party by giving the other party at least one month's notice in writing.

In accordance with article 87 of the Articles of Association (the "Articles") of the Company, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. Any directors appointed pursuant to articles 86(3) of the Articles shall not be taken into account in determining which director or the number of directors who are to retire by rotation in accordance with article 87 of the Articles.

Mr. Li Wing Sang and Mr. Tam Tak Wah will retire from office as Directors by rotation at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Model code set out in appendix 10 to the Listing Rules

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has also adopted the Model Code for the relevant employees.

Having made specific enquiry of all Directors by the Company, all Directors confirmed that they had complied with the Model Code during the year 2015. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Responsibilities of directors

All newly appointed Directors received comprehensive, formal training on the first occasion of their appointments and were ensured to have a proper understanding of the businesses and development of the Group and that they were fully aware of their responsibilities under statue and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

To facilitate the Directors to discharge their responsibilities, they are encouraged to participate in relevant training course and seminars held by the regulatory bodies or professional institutions in respective of regulatory development, business and market changes and the strategic development of the Group. Information obtained will be shared and discussed among the Directors.

Supply of and access to information

In respect of regular Board meeting, and so far as practicable in all other cases, an agenda and accompanying relevant documents are sent in full to all Directors in a timely manner and at least three days before the intended date of a Board meeting.

All Directors are entitled to have access to the Board minutes and related materials.

Company Secretary

Ms. Lee On Wing ("Ms. Lee") was appointed as the company secretary of the Company on 1 August 2013. The biographical details of Ms. Lee are set out under the section headed "Biographical details of directors and senior management" section in the Report of the directors on pages 24 to 25 of this annual report. According to the rule 3.29 of the Listing Rules, Ms. Lee has taken no less than 15 hours of relevant professional training during the year 2015.

Continuous professional development

According to the code provision A.6.5 of the Code, the Company recommends Directors to attend relevant seminars or courses to develop and refresh their knowledge and skills. The company secretary reports from time to time the latest changes and development of the Listing Rules and other corporate governance requirements with written materials. During the year 2015, the continuous professional development taken by respective Directors are as follows:

Name of Directors	Type of Trainings
Executive directors	
Mr. Li Wing Sang	A, B
Mr. Liu Xinsheng	A, B
Mr. Chiu Chi Hong	A, B
Independent non-executive directors	
Mr. Tam Tak Wah	A, B
Mr. Ng Wai Hung	A, B
Mr. Lau Wan Cheung	A, B

A reading materials in relation to regulatory update

B attending seminars/courses/conferences to develop professional skill and knowledge

Audit committee

The Company established an audit committee (the "Audit Committee") on 26 July 2007 with written terms of reference in compliance with the code provisions of the Code as set out in appendix 14 to the Listing Rules. The primarily duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three INEDs, namely Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung. Pursuant to the rule 3.21 of the Listing Rules, the Audit Committee currently comprises three members who are INEDs only and Mr. Tam Tak Wah, the chairman of the Audit Committee, who possesses a professional accounting qualifications and relevant accounting experience.

The written terms of reference of the Audit Committee adopted by the Board are in line with the code provisions of the Code and are available upon request and on the websites of the Company and the Stock Exchange.

During the year 2015, the Audit Committee had met two times with the Board and senior management of the Company and the Company's external auditor. The Audit Committee has also reviewed the Group's internal controls. The Group's interim financial report for the six months ended 30 June 2015 and the annual report for the year ended 31 December 2015 have been reviewed by the Audit Committee before submission to the Board for approval. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor.

The Audit Committee held two meetings during the year 2015. Details of the attendance of the Audit Committee meetings are as follows:

Members	**Attendance/ Meeting held**
Mr. Tam Tak Wah	2/2
Mr. Ng Wai Hung	2/2
Mr. Lau Wan Cheung	2/2

Auditor's remuneration

The Company has appointed BDO Limited as an auditor of the Company since 2014. During the year 2015, the fee incurred for audit and non-audit services provided by the auditor to the Group is set out as follows:

Type of services	**Fee paid/ Payable** RMB'000
Audit services	974
Non-audit services	269
	1,243

Nomination committee

The Company established a nomination committee (the "Nomination Committee ") pursuant to a resolution of the Directors passed on 26 July 2007 in compliance with the code provisions of the Code as set forth in appendix 14 to the Listing Rules. The primarily duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession and ensure that the candidates to be nominated as Directors are experienced, high calibre individuals. The Nomination Committee consists of Mr. Li Wing Sang, an executive Director and two INEDs, namely Mr. Ng Wai Hung and Mr. Lau Wan Cheung. Mr. Li Wing Sang is the chairman of the Nomination Committee.

The Nomination Committee shall meet at least once every year for reviewing the structure, size, composition and diversity of the Board, assessing the independence of INEDs of the Company and other related matters.

The written terms of reference of the Nomination Committee adopted by the Board are in line with the code provisions of the Code and are available upon request and on the websites of the Company and the Stock Exchange.

The Nomination Committee held two meetings during the year 2015. Details of the attendance of the Nomination Committee meetings are as follows:

Members	**Attendance/ Meeting held**
Mr. Li Wing Sang	2/2
Mr. Ng Wai Hung	2/2
Mr. Lau Wan Cheung	2/2

At the meetings, the Nomination Committee reviewed the structure, size, composition and diversity of the Board, assessing the independence of INEDs and other related matters of the Company.

Remuneration committee

The Company established a remuneration committee (the "Remuneration Committee") pursuant to a resolution of the Directors passed on 26 July 2007 in compliance with the code provisions of the Code as set forth in appendix 14 to the Listing Rules. The primarily duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. The members of the Remuneration Committee are Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung who are the INEDs of the Company. Mr. Tam Tak Wah is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once every year to discuss remuneration-related matters. No executive Director is allowed to be involved in deciding his or her own remuneration.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the code provisions of the Code and are available upon request and on the websites of the Company and the Stock Exchange.

The Remuneration Committee held two meetings during the year 2015. Details of the attendance of Remuneration Committee meetings are as follows:

Members	Attendance/ Meeting held
Mr. Tam Tak Wah	2/2
Mr. Ng Wai Hung	2/2
Mr. Lau Wan Cheung	2/2

At the meetings, the Remuneration Committee reviewed the remuneration policies of the Directors and senior management and reviewed the remuneration packages and performance of the Directors.

Directors' and auditor's responsibility for financial statements

All Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015. The auditor of the Company acknowledges their reporting responsibilities in the auditor's report on the financial statements for the year ended 31 December 2015. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern therefore the Directors continue to adopt the going concern approach in preparing the financial statements.

Internal control

The Board has overall responsibility to maintain a sound and effective internal control of the Company to safeguard the shareholders' investments and the Company's assets. The Company will continue to review its internal control function on a regular basis.

The Board had conducted regular reviews on the effectiveness of the system of the internal controls of the Group, covering all material controls including financial, operational, compliance controls and risks management functions during the year. Results and findings arising from the reviews were discussed in the Audit Committee meetings.

In order to enhance the internal control of the Company, the Company has engaged an independent professional consultant to conduct an internal control review (the "Review") during the year 2015. The Review was conducted with reference to the requirements of the appendix 14 to the Listing Rules to evaluate risks and control weaknesses. A report on the Review has been prepared by the independent professional consultant and been sent to the Audit Committee for their review. From the report, no material findings are noted but certain recommendations have been made to the Company. The Company accepted the recommendations and corresponding actions have been enforced.

Corporate governance report

Shareholders' rights

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles of the Company, extraordinary general meetings of the Company (the "EGM(s)") shall be convened on the requisition of one or more shareholders 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. Such requisition shall be made in writing to the Directors or the company secretary at the head office of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If within twenty one days of such deposit the Directors fail to proceed to convene such meeting, 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 Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy") on 30 March 2012. Under the Policy, the Company's information is communicated to the shareholders mainly through general meetings, including annual general meeting and extraordinary general meeting, the Company's financial reports (interim and annual reports), and other corporate publications on the websites of the Company and the Stock Exchange. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The shareholders may direct their questions about their shareholdings to the Company's share registrar, the contact details of which are set out as follows:

Tricor Investors Services Limited

Address:	Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone:	(852) 2980-1888
Facsimile:	(852) 2890-9350

The shareholders, the potential investors and the media may at any time make a request for the Company's information to the extent such information is publicly available and make enquiries to the Company through the following means:

Address:	Unit 1402, 14/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Facsimile:	(852) 3908-1223
Attention:	Company Secretary

Right to propose a person for election as a director at general meetings

Pursuant to the article 88 of the Articles of the Company, a shareholder may propose a person other than a retiring Director or recommended by the Directors by validly lodging the following documents within the period hereinafter mentioned at the head office of the Company:

– a notice in writing of the intention to propose that person for election as a director, which must state the full name of the person, include the person's biographical details as required by rule 13.51(2) of the Listing Rules and be signed by a shareholder; and

– a notice in writing signed by that person of his/her willingness to be elected as a director together with his/her written consent to the publication of his/her personal data. Such documents shall be lodged with the head office of the Company within the period of seven days after the despatch of the notice of the general meeting.

Upon receipt of such documents, the Company shall verify the documents and, if the proposal is found to be in order, publish an announcement and/or issue a supplemental circular in respect of the proposal in accordance with rule 13.70 of the Listing Rules.

Investor relations

To enhance its transparency, the Company encourages dialogue with institutional investors and analysts. Extensive information about the Company's activities is provided in its interim and annual reports, which are sent to shareholders, analysts and interested parties respectively. The Company also maintains regular communication with the media. The Company's news releases, announcements and publications are circulated timely, to all major news media. The same materials are also available on the websites of the Company and the Stock Exchange. Media briefings are organised from time to time to relay details of the Group's latest business initiatives and market development plans. Regular meetings are also held with institutional investors and analysts to disseminate financial and other information related to the Group and its business. These activities keep the public aware of the Group's activities and foster effective communication. The Group's investor relation firm in Hong Kong is iPR Ogilvy Limited.

Communication with shareholders

The Company endeavours to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

The chairman of the Board, as well as the chairman of Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, other members of the respective committees, will make themselves available at the annual general meeting to meet with shareholders. The Company will ensure that there are separate resolutions for separate issues at general meetings.

The 2015 annual general meeting of the Company will be held on 25 May 2016.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to relevant regulatory requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TECH PRO TECHNOLOGY DEVELOPMENT LIMITED
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tech Pro Technology Development Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 38 to 113, 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.

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 auditor's report

OPINION

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

BDO Limited
Certified Public Accountants

Lam Siu Fung
Practising Certificate Number: P05308

Hong Kong, 24 March 2016

Consolidated statement of profit or loss

For the year ended 31 December 2015

	Notes	**2015 RMB'000**	2014 RMB'000
Turnover	6	**220,026**	144,327
Cost of sales		**(153,848)**	(104,767)
Gross profit		**66,178**	39,560
Other revenue and income	7	**15,156**	5,859
Selling and distribution costs		**(28,767)**	(24,324)
Administrative and other operating expenses		**(146,670)**	(50,559)
Impairment loss on goodwill	16	**(79,539)**	(96,043)
Impairment loss on other intangible assets	17	**(107,701)**	(28,207)
Amortisation of other intangible assets	17	**(70,303)**	(71,380)
Fair value loss on contingent consideration receivables	19	**(5,941)**	–
Net realised and unrealised loss on other current financial assets		**(2,209)**	–
Fair value gain on embedded derivatives of bonds	30	**–**	12,846
Fair value loss on embedded derivatives of convertible bonds	31	**–**	(34,780)
Gain on bargain purchase	39	**61,996**	–
Finance costs	8(a)	**(1,397)**	(33,347)
Share of results of a joint venture	21(a)	**17,153**	13,303
Loss before income tax	8	**(282,044)**	(267,072)
Income tax	9	**43,819**	24,826
Loss for the year		**(238,225)**	(242,246)
Loss attributable to:			
Owners of the Company		**(192,208)**	(216,852)
Non-controlling interests		**(46,017)**	(25,394)
		(238,225)	(242,246)
			(Represented)
Loss per share (RMB cents)	13		
– Basic and diluted		**(2.99 cents)**	(3.69 cents)

The notes on pages 45 to 113 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Loss for the year	**(238,225)**	(242,246)
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Actuarial loss on pension obligations	**(155)**	–
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**13,382**	945
Total comprehensive income for the year (net of tax)	**(224,998)**	(241,301)
Attributable to:		
Owners of the Company	**(178,955)**	(215,903)
Non-controlling interests	**(46,043)**	(25,398)
	(224,998)	(241,301)

The notes on pages 45 to 113 form an integral part of these financial statements.

Consolidated statement of financial position

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	14	**68,562**	67,212
Goodwill	15	**–**	79,539
Other intangible assets	17	**321,018**	487,657
Other non-current financial assets	18	**5,179**	–
Contingent consideration receivables	19	**3,669**	–
Interest in a joint venture	21(a)	**366,641**	349,488
		765,069	983,896
Current assets			
Other current financial assets	22	**30,789**	–
Inventories	23	**30,396**	18,723
Trade and bills receivables	24	**142,981**	104,354
Other receivables and prepayments	25	**112,468**	105,712
Pledged bank deposits	26	**487**	23,935
Cash at banks and in hand	26	**128,579**	33,351
		445,700	286,075
Current liabilities			
Trade and bills payables	27	**25,658**	22,307
Other payables and accruals	28	**76,606**	25,440
Bank loans	29	**132**	11,293
Bonds payable	30	**–**	66,368
Obligations under finance leases	32	**494**	376
Income tax payable		**21,153**	12,913
		124,043	138,697
Net current assets		**321,657**	147,378
Total assets less current liabilities		**1,086,726**	1,131,274
Non-current liabilities			
Obligations under finance leases	32	**741**	380
Defined benefit obligations	33(b)	**2,051**	–
Deferred tax liabilities	34(a)	**78,222**	121,277
		81,014	121,657
NET ASSETS		**1,005,712**	1,009,617

Consolidated statement of financial position

For the year ended 31 December 2015

	Notes	**2015 RMB'000**	2014 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	36	**14,267**	13,541
Reserves	38	**891,901**	850,489
		906,168	864,030
Non-controlling interests		**99,544**	145,587
TOTAL EQUITY		**1,005,712**	1,009,617

Approved and authorised for issue by the board of directors on 24 March 2016.

Li Wing Sang
Director

Chiu Chi Hong
Director

The notes on pages 45 to 113 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (Note 38(a))	Warrant reserve RMB'000 (Note 38(b))	Other reserve RMB'000 (Note 38(c))	Convertible bonds-equity component RMB'000 (Note 38(d))	Actuarial gain/(loss) reserve RMB'000 (Note 38(e))	Exchange reserve RMB'000 (Note 38(f))	Accumulated losses RMB'000	Total reserves RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	10,407	927,204	41,691	12,344	–	–	(1,409)	(351,128)	628,702	170,977	810,086
Issue of unlisted warrants	–	–	12,042	–	–	–	–	–	12,042	–	12,042
Issue of convertible bonds	–	–	–	–	118,459	–	–	–	118,459	–	118,459
Issue of new shares:											
– upon exercise of unlisted warrants	287	84,835	(8,153)	–	–	–	–	–	76,682	–	76,969
– upon full conversion of convertible bonds	517	242,232	–	–	(118,459)	–	–	–	123,773	–	124,290
– upon acquisition of equity interests in a joint venture	268	104,004	–	–	–	–	–	–	104,004	–	104,272
– upon completion of bonus issue	2,022	(2,022)	–	–	–	–	–	–	(2,022)	–	–
– upon completion of a share transaction	40	4,752	–	–	–	–	–	–	4,752	–	4,792
Lapse of unlisted warrants	–	–	(2,213)	–	–	–	–	2,213	–	–	–
Capital injection by non-controlling interest to a newly established subsidiary	–	–	–	–	–	–	–	–	–	8	8
Loss for the year	–	–	–	–	–	–	–	(216,852)	(216,852)	(25,394)	(242,246)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	949	–	949	(4)	945
Total comprehensive income for the year	–	–	–	–	–	–	949	(216,852)	(215,903)	(25,398)	(241,301)
At 31 December 2014 and 1 January 2015	13,541	1,361,005	43,367	12,344	–	–	(460)	(565,767)	850,489	145,587	1,009,617
Issue of new shares:											
– upon exercise of unlisted warrants	726	258,859	(43,360)	–	–	–	–	–	215,499	–	216,225
Share-based payment for a share transaction	–	4,868	–	–	–	–	–	–	4,868	–	4,868
Loss for the year	–	–	–	–	–	–	–	(192,208)	(192,208)	(46,017)	(238,225)
Actuarial loss on pension obligations	–	–	–	–	–	(155)	–	–	(155)	–	(155)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	13,408	–	13,408	(26)	13,382
Total comprehensive income for the year	–	–	–	–	–	(155)	13,408	(192,208)	(178,955)	(46,043)	(224,998)
At 31 December 2015	14,267	1,624,732	7	12,344	–	(155)	12,948	(757,975)	891,901	99,544	1,005,712

The notes on pages 45 to 113 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Operating activities			
Loss before income tax		**(282,044)**	(267,072)
Adjustments for:			
Amortisation of other intangible assets	17	**70,303**	71,380
Impairment loss on goodwill	16	**79,539**	96,043
Impairment loss on other intangible assets	17	**107,701**	28,207
Share of results of a joint venture		**(17,153)**	(13,303)
Finance costs	8	**1,397**	33,347
Fair value loss on contingent consideration receivables	19	**5,941**	–
Fair value loss on embedded derivatives of convertible bonds	31	**–**	34,780
Fair value gain on embedded derivatives of bonds	30	**–**	(12,846)
Depreciation of property, plant and equipment	14	**12,703**	10,500
Bad debt written-off		**4,591**	–
Allowance for impairment on trade and other receivables, net	8	**11,703**	10,000
Loss on disposal of property, plant and equipment	8	**3,793**	986
Interest income	7	**(913)**	(24)
Dividend income from other current financial assets	7	**(260)**	–
Net realised and unrealised loss on other current financial assets		**2,209**	–
Write-down of inventories	23	**1,239**	346
Gain on bargain purchase	39	**(61,996)**	–
Share-based payment	8	**4,868**	4,792
Net cash flows before working capital changes		**(56,379)**	(2,864)
(Increase)/decrease in inventories		**(12,316)**	3,463
(Increase)/decrease in trade and bills receivables		**(44,891)**	7,981
Decrease/(increase) in other receivables and prepayments		**4,287**	(17,204)
Decrease in trade and bills payables		**(5,685)**	(2,658)
Increase/(decrease) in other payables and accruals		**24,129**	(2,791)
Decrease in amount due to a director		**–**	(571)
Cash used in operations		**(90,855)**	(14,644)
Income tax credit/(paid)		**6,716**	(15,160)
Net cash used in operating activities		**(84,139)**	(29,804)
Investing activities			
Interest received		**913**	24
Decrease/(increase) in pledged bank deposits		**23,448**	(11,765)
Acquisition of property, plant and equipment		**(16,863)**	(22,156)
Acquisition of other intangible assets		**(4,371)**	–
Acquisition of other non-current financial assets		**(326)**	–
Acquisition of other current financial assets		**(31,749)**	–
Net cash inflow from acquisition of a subsidiary	39	**59,075**	–
Proceeds from disposal of property, plant and equipment		**252**	266
Capital injection by a non-controlling interest		**–**	8
Acquisition of a joint venture		**–**	(31,676)
Net cash generated from/(used in) from investing activities		**30,379**	(65,299)

The notes on pages 45 to 113 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Financing activities		
Payment of interest element of finance lease obligations	**(35)**	(39)
Payment of capital element of finance lease obligations	**(619)**	(334)
Interest paid	**(187)**	(5,887)
Proceeds from new bank loans	**–**	13,985
Repayment of bank loans	**(11,161)**	(6,100)
Repayment of bonds	**–**	(6,000)
Proceeds from issue of new shares upon exercise of unlisted warrants	**148,682**	12,042
Proceeds from issue of new shares upon exercise of unlisted warrants	**–**	76,969
Net cash generated from financing activities	**136,680**	84,636
Net increase/(decrease) in cash and cash equivalents	**82,920**	(10,467)
Cash and cash equivalents at beginning of year	**33,351**	42,520
Effect of foreign exchange rate changes	**12,308**	1,298
Cash and cash equivalents at end of year	**128,579**	33,351

Major non-cash transactions

(i) During the year ended 31 December 2015, the Group's bonds payable in the aggregate amount of RMB67,543,000 was settled by offsetting the subscription price for the exercise of certain of the Company's unlisted warrants.

(ii) During the year ended 31 December 2015, property, plant and equipment of RMB1,098,000 (2014: RMBNil), were acquired under finance leases.

The notes on pages 45 to 113 form an integral part of these financial statements.

1. GENERAL INFORMATION

Tech Pro Technology Development Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its principal place of business is located at Unit 1402, 14/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and the principal activities of its subsidiaries (together with the Company, collectively referred to as the "Group") are set out in Note 20.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle and 2011–2013 Cycle
The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions
The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]

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 On 6 January 2015, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standard Board's equivalent amendments. This update defers/removes the effective date of the amendments in Sale or Contribution of Assets between an Investor and its Associate or Joint Venture that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at FVTPL should provide the disclosures related to investment entities as required by HKFRS 12.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

– Step 1: Identify the contract(s) with a customer
– Step 2: Identify the performance obligations in the contract
– Step 3: Determine the transaction price
– Step 4: Allocate the transaction price to each performance obligation
– Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group has so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs"), and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of preparation of the financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong Dollars ("HK$"). The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand except specified otherwise, which reflects the primary economic environment in which the majority of entities with the Group operate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following liabilities are stated at their fair value as explained in the accounting policies set out below:

– Contingent consideration receivables

– Financial assets at fair value through profit or loss

– Defined benefits obligations

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in the subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Joint arrangements

Joint Venture

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investments in the joint venture.

Unrealised profits or losses resulting from transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former investee at the date when the control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Joint arrangements (Continued)

Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

– its assets, including its share of any assets held jointly;

– its liabilities, including its share of any liabilities held jointly;

– its revenue from the sale of its share of the output arising from the joint operation;

– its share of the revenue from the sale of the output by the joint operation; and

– its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity sells or contributes assets to a joint operation in which a group entity is a joint operator, the Group is considered to be selling or contributing assets to the other parties to the joint operation, and gains and losses resulting from the sale or contribution are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity purchases assets from a joint operation in which a group entity is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(e) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

– a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carry-forwards of an acquiree that existed at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 Income Tax;

– assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 Employee Benefits;

– liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Business combination (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identified assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as "measurement period" adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 Financial Instruments: Recognition and Measurement, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts that are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained within one year about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit during the year, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(g) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Plant and machinery	9%
Operating assets for energy efficiency projects	Over the shorter of estimated useful lives and the unexpired term of the projects
Furniture and office equipment	18%
Motor vehicles	9%
Leasehold improvements	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between these parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill)

Intangible assets with finite useful lives that are acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are stated at cost less accumulated amortisation and impairment loss. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Players' registration rights

Players' registration rights are recognised at acquisition cost, including any auxiliary expenses, when the contract enters into force, i.e. when the transfer agreement is homologated by the French Football League. The capitalised auxiliary expenses include the cost of the intermediation services rendered by the players' agents for their work in the acquisition of the player, except if the transfer is with suspending conditions or is a temporary transfer, in such cases fees paid to player's agents are expensed as incurred. Under the conditions of certain transfer agreements, further costs are payable to the vendors in the event the player makes a certain number of first team (the top-level team in the club) appearances or on the occurrence of certain other specified future events. Costs related to such contingent considerations are not capitalised as they cannot be estimated reliably. These costs are recorded as expenses and accrued, when it becomes probable that the specified future events will occur. Indemnities paid to the training centre that initially trained the player are also capitalised.

When the players' contract is renewed, after the term of its initial contract, additional remuneration for services performed by the player's agent is capitalised.

Players' registration rights are amortised on a straight-line basis over the term of each player's contract. Where a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. When a decision is taken to discontinue a contract before its initial term (for example, dismissal of a player), the unamortised costs are amortised over the residual term of the contract.

The Group considers that the players' registration rights do not have separate cashflows but are part of a cash-generating unit as a football team. As a consequence, the football team is considered as one cash-generating unit and the related intangible and tangible assets are tested for impairment as the assets of a single cash-generating unit.

In some instances, an individual player is considered to be no longer part of the professional players' team (a player held for sale or unavailable for the long term) and consequently not contributing to the future cash flows earned by the cash-generating unit. The players' registration rights are assessed for impairment by considering the individual fair value less costs to sell. The individual fair value is assessed based on available information from external appraisals and on a combination of specific sports and financial parameters.

Players' registration rights are derecognised at the date of disposal, transfer, cancellation of the contract, or expiry of the contractual rights over players.

The fair value of the consideration receivable, less the unamortised cost of the asset represents the profits or losses on the disposal of the intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill) (Continued)

Other intangible assets

Other intangible assets include customer relationships, patents, trademarks and tradenames, which are stated at cost less any impairment losses. Amortisation of other intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the shorter of the assets' estimated useful lives and the remaining contractual periods as follow:

Customer relationships	10.42 (2014: 11.42) years
Patents	1.67 to 4.75 (2014: 2.67 to 5.75) years
Trademarks and tradenames	6.92 (2014: 7.92) years

Both the periods and method of amortisation are reviewed annually.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in the property, plant and equipment and the corresponding liabilities, net of payments, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset. Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(iii) Operating leases

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale.

Where the Group is a lessor, assets held by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the profit or loss on the straight-line basis over the lease terms.

(k) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

– For unquoted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade receivables and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– investments in subsidiaries in the Company's statement of financial position;

– property, plant and equipment;

– goodwill;

– other intangible assets;

– other financial assets; and

– Interest in a joint venture.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*
The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

– *Reversals of impairment losses*
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is re-measured. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(r) Convertible bonds that contains an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the reserve until either the bond is converted or redeemed.

If the bond is converted, the reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the reserve is released directly to retained profits.

(s) Bonds

Bonds issued by the Company that contain both liability and embedded derivatives (put option at the discretion of the bondholder to early redeem and call option at the discretion of the issuer to redeem the bonds that are not closely related to the host liability component) are classified separately into respective item on initial recognition. At the date of issue, both the liability and embedded derivatives are recognised at fair value.

In subsequent periods, the liability component of the bonds is carried at amortised cost using the effective interest method. The put option and call option are measured at fair value with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Warrants

Warrants issued by the Company that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as an equity instrument.

For warrants issued to subscribers of the Company's shares, the fair value of warrants on the date of issue is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium upon exercise of the warrants. Where the warrants remain unexercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to the retained profits/accumulated losses.

(u) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(w) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

According to the legislation applicable in France, the Group's subsidiary in France contributes to defined contribution government pension schemes through the payment of the social charges on a quarterly basis.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee benefits (Continued)

(ii) Defined benefit plan

In respect of the Group's subsidiary in France, the only supplementary pension scheme payable to retirees is related to retirement bonuses representing one-off payments made at the time of retirement according to the collective employment agreement. This obligation is treated as a defined benefit plan. The liability is measured at present value of the defined benefit obligation at the reporting date using the projected unit credit method. This method requires calculating the present value of the defined benefit obligations and the related services cost. It also considers each period of service giving rise to an additional unit of benefit entitlement, and measures each unit separately to build up the final obligation.

The Group's subsidiary in France operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and

- the date that the Group's subsidiary in France recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group's subsidiary in France recognises the following changes in the net defined benefit obligation under "administrative and other operating expenses" and "finance costs" in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- net interest expense or income

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee benefits (Continued)

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where the forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium) or the option expires (when it is released directly to retained profits).

The Group also granted equity instruments to persons other than employees and others providing similar services. The fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition of assets. A corresponding increase in equity is recognised.

(iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognised restructuring costs involving the payment of termination benefits.

(x) Income tax

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

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

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the amount initially recognised, less accumulated amortisation where appropriate. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(z) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates (the "functional currency").

Foreign currency transactions during the year are translated at the foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into presentation currency at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, are translated into presentation currency at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts and returns.

(ii) Energy efficiency service income

Energy efficiency service income is recognised with reference to the energy efficiency service which are taken to be the point when the customer has accepted it over the service period.

(iii) Broadcasting income

Broadcasting income comprises a fixed part and a variable part. The fixed part of television and broadcasting income is recognised over the duration of the football season. The variable part includes three elements which depend on the final ranking at the end of the football season of the football club; the average ranking over the past five football seasons of the football club; and the television live coverage and the football club's reputation. The variable portion of the broadcasting income that depends on the final ranking at the end of the football season is not recognised at any interim period because the amount cannot be measured reliably.

(iv) Matchday ticket income

Matchday ticket income is recognised based on matches played throughout the year with revenue from each match being recognised only after the match to which the ticket sales related have been played. Matchday ticket income which is received in advance of a period end but relating to future periods (mainly the sale of seasonal tickets) are treated as deferred revenue. The deferred revenue is then released to revenue as the matches are played.

(v) Sponsorship and advertising income

Sponsorship and advertising income is recognised over the duration of the respective contracts.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest rate.

(vii) Rental income

Rental income from leasing of property, plant and machinery is recognised in accordance with the terms of the lease agreement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(bb) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the 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).

(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 Group's parent.

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

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include bank and cash and cash equivalents, trade and other receivables, trade and other payables, contingent consideration receivables, bank loans, obligations under finance leases, and other financial assets. The Group's activities expose it to a variety of finance risks, including credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Group's financial management policies and practices described below:

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. The Group has established credit control policies with credit limits, credit approvals and other monitoring procedures for debts recovery are in place to minimise the credit risk. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account the information specific to the customer as well as pertaining to the economic environment to which the customer operates. These receivables are due from 90 to 180 days from the date of billing. In addition, management reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment allowances are made for irrecoverable amounts. With such policies in place, the Group has been able to maintain its bad debts at minimal level. The Group's trade receivables related to a large number of diversified customers, and the concentration of credit risk is not significant.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutes to meet its liquidity requirements in the short and longer term.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2015				
	Carrying amount RMB'000	**Total contractual undiscounted cash flow RMB'000**	**Within 1 year or on demand RMB'000**	**More than 1 year but less than 2 years RMB'000**	**2 years but less than 5 years RMB'000**
Trade and bills payables	**25,658**	**25,658**	**25,658**	**–**	**–**
Other payables and accruals	**41,764**	**41,764**	**41,764**	**–**	**–**
Bank loans	**132**	**132**	**132**	**–**	**–**
Obligations under finance leases	**1,235**	**1,294**	**531**	**543**	**220**
	68,789	**68,848**	**68,085**	**543**	**220**

	2014				
	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	2 years but less than 5 years RMB'000
Trade and bills payables	22,307	22,307	22,307	–	–
Other payables and accruals	11,612	11,612	11,612	–	–
Bank loans	11,293	11,625	11,625	–	–
Bonds payable	66,368	67,528	67,528	–	–
Obligations under finance leases	756	798	401	193	204
	112,336	113,870	113,473	193	204

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk primarily derives from bank borrowings and time deposits and cash at banks. The Group did not use derivative financial instruments to hedge its debt obligations.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-generating financial assets and interest-bearing financial liabilities at the end of the reporting period:

	2015		2014	
	Effective interest rate	**RMB'000**	Effective interest rate	RMB'000
Fixed rate:				
Bonds payable	**–**	**–**	8%	66,368
Obligations under finance leases	**3.52% – 4.24%**	**1,235**	3.20% – 4.27%	756
Variable rate:				
Bank loans	**3%**	**132**	2.75% – 3%	11,293
Total borrowings		**1,367**		78,417
Net fixed rate borrowings as a percentage of total borrowings		**90%**		86%
Variable rate:				
Cash at banks	**0.001% – 0.35%**	**128,579**	0.001% – 0.35%	33,351
Pledged bank deposits	**0.001%**	**487**	0.001%	23,935
		129,066		57,286

(ii) Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's loss after income tax for the year and accumulated losses by approximately RMB1,289,000/RMB1,000 (2014: RMB460,000/RMB113,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the financial instruments exposed to interest rate risk for variable rate interest-bearing financial instruments as if they had been in existence at the beginning of the year. The 100-basis-point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through its trade receivables and bank deposits that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the United State dollars ("US$") and Euro ("EUR").

(i) Exposure to currency risk

The following table details the Group's major exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entities within the Group to which they relate:

	2015 RMB'000	2014 RMB'000
Cash and cash equivalents		
US$	**772**	500
EUR	**95,674**	462
Bonds payable		
RMB	**–**	66,368

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss for the year and accumulated losses and other components of equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period. Other components of equity would not be affected by changes in the foreign exchange rates:

	2015			2014		
	Increase/ (decrease) in foreign exchange rates	**Effect on loss for the year and accumulated losses RMB'000**	**Effect on other components of equity RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss for the year and accumulated losses RMB'000	Effect on other components of equity RMB'000
US$	**5%**	**(39)**	**–**	5%	(25)	–
	(5%)	**39**	**–**	(5%)	25	–
RMB	**5%**	**(185)**	**–**	5%	3,318	–
	(5%)	**185**	**–**	(5%)	(3,318)	–
EUR	**5%**	**(2)**	**–**	5%	(23)	–
	(5%)	**2**	**–**	(5%)	23	–

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of reporting period. The analysis is performed on the same basis for 2014.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair values

(i) Financial instruments measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

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

The following table presents the Group's assets that are measured at fair value at 31 December 2015 and 2014:

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000
2015			
Assets			
– Contingent consideration receivables	–	–	8,967
– Other current financial assets	6,453	24,336	–
2014			
Liabilities			
– Put and call options embedded in bonds	–	–	–

During the years ended 31 December 2015 and 2014, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair values (Continued)

(i) Financial instruments measured at fair value (Continued)

As at 31 December 2015, the fair value of the contingent consideration receivables is a level 3 fair value measurement and is estimated by applying probability weighted discounted cash flows method. The determination of fair value is based on discount rate which is unobservable. The significant unobservable input and relationship of this input to fair value of the contingent consideration receivables are show as below:

Significant unobservable input	Relationship of unobservable input to fair value
Probability of staying in Ligue 1 or Ligue 2 of 41.5% – 90.2%	The higher the probability, the higher the fair value
Discount rate of 12.185% – 12.193%	The higher the discount rate, the lower the fair value

The movements of contingent consideration receivables during the year in the balance of Level 3 fair value measurements are as follows:

	2015 RMB'000	2014 RMB'000
Contingent consideration receivables		
At 1 January	**–**	–
At completion date of acquisition of a subsidiary	**14,908**	–
Change in fair value recognised in profit or loss during the year	**(5,941)**	–
At 31 December	**8,967**	–

For the fair value of the contingent consideration receivables, management has estimated the potential effect of using possible alternatives as inputs to the valuation model and has quantified this as a reduction in fair value of approximately RMB8,967,000, using less favourable assumptions, and an increase in fair value of approximately RMB9,699,000, using more favourable assumptions.

As at 31 December 2014, the fair value of the put and call options embedded in the Group's bonds payable is a level 3 fair value measurement and is estimated by applying the discounted cash flow method. The determination of fair value is based on discount rate which is unobservable. The significant unobservable input and relationship of this input to fair value of the put and call option are show as below:

Significant unobservable input	Relationship of unobservable input to fair value
Discount rate of 16.45–16.67%	The higher the discount rate, the lower the fair value.

The movements during the year in the balance of level 3 fair value measurements are as follows:

	2015 RMB'000	2014 RMB'000
Put and call options embedded in bonds		
At 1 January	**–**	(12,846)
At the date of issue	**–**	–
Change in fair value recognised in profit or loss during the year	**–**	12,846
At 31 December	**–**	–

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair values (Continued)

(ii) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2015 and 2014.

(iii) Transferred financial assets that are derecognised in their entirety

During the years ended 2015 and 2014, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amount of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flow to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair value of the Group's Continuing Involvement in the Derecognised Bills are not significant.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Useful lives and residue values of property, plant and equipment and other intangible assets

Useful lives of the Group's property, plant and equipment and other intangible assets are defined as the period over which they are expected to be available for use by the Group. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and other intangible assets of similar nature and functions. Management will increase the depreciation or amortisation charge where useful lives are less than previously estimated lives, and it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in useful lives and residual values and therefore depreciation or amortisation expense in future periods.

(b) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which require significant judgement relating to items such as the level of turnover and the amount of operating costs. No impairment was provided during the year.

(c) Impairment of trade receivables and other receivables

The Group made allowance for impairment on trade and other receivables based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history and subsequent settlements of each customer of the Group up to the date of approval of the financial statements. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Estimated recoverable amount of cash-generating units with goodwill and intangible assets

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill have been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate the present value where the expected future cash flows arising from the relevant cash-generating units differ from the cash-generating units containing goodwill using an appropriate discount rate. Details of the recoverable amount calculations are disclosed in Note 16.

At 31 December 2015, the estimated recoverable amounts of cash-generating units were lower than their carrying amounts, provision for impairment loss on goodwill of approximately of RMB79,539,000 (2014: RMB96,043,000) has been recognised in profit or loss for the year ended 31 December 2015.

Had the parameters for the projected future cash flows of the cash-generating units of the goodwill and the discount rates been different, the estimated recoverable amount of goodwill would have been significantly different and further impairment may arise.

(e) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are made with reference to the aged inventories analyses, projection of expected sales volume and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in market conditions, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

(f) Income taxes

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

(g) Determination and classification of lease arrangements

In assessing whether the Group's arrangements contain a lease, the Group's management takes into consideration the key terms of each arrangement with reference to HK(IFRIC) 4. The Group's management further assess whether a lease arrangement shall be classified as a finance lease or an operating lease based on the key terms of the lease arrangement with reference to HKAS 17. The Group's energy efficiency projects are determined as lease arrangements under HK(IFRIC) 4 and are classified as operating leases under HKAS 17.

6. TURNOVER AND SEGMENT REPORTING

(a) Turnover and revenue

Turnover represents the net invoiced value of goods supplied to customers less returns and allowance, service income from energy efficiency projects, broadcasting income, matchday ticket income and sponsorship and advertising income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2015 RMB'000	2014 RMB'000
Sale of products and accessories	**176,724**	138,820
Service income from energy efficiency projects	**9,617**	5,507
Broadcasting income	**19,002**	–
Matchday ticket income	**4,710**	–
Sponsorship and advertising income	**9,973**	–
	220,026	144,327

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the senior management for the purposes of resources allocation and performance assessment, the Group has engaged in three reporting segments.

- LED lighting
- Professional football club
- Provision of property sub-leasing services

The manufacture and sale of LED lighting products and accessories segment and energy efficiency projects segment have been aggregated into one segment named as "LED lighting". As the reported revenue, the absolute amount of the reported profit or loss and the total assets of the energy efficiency projects segment have not exceeded the quantitative thresholds, no separate operating segments have been presented.

The professional football club segment represents the newly acquired a wholly-owned subsidiary in July 2015 as disclosed in Note 39.

During the year ended 31 December 2015, the senior management changed the structure of its internal resources allocation and performance assessment in a manner that causes the changes in composition of its reportable segments. The corresponding information for year ended 31 December 2014 have been represented to conform with current year presentation.

6. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Information regarding the Group's reportable segments as provided to the senior management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2015 and 2014 is set out below:

	2015			
	LED lighting RMB'000	Professional football club RMB'000	Property sub-leasing services RMB'000	Total RMB'000
Turnover	184,840	36,226	–	221,066
Inter-segment revenue	–	(1,040)	–	(1,040)
Reportable segment revenue from external customers	184,840	35,186	–	220,026
Reportable segment results	(300,965)	22,666	17,153	(261,146)
Other information:				
Interest income	366	547	–	913
Interest expenses	(1,362)	–	–	(1,362)
Depreciation of property, plant and equipment	(11,855)	(71)	–	(11,926)
Amortisation of other intangible assets	(68,800)	(1,503)	–	(70,303)
Impairment loss on goodwill	(79,539)	–	–	(79,539)
Impairment loss on other intangible assets	(107,701)	–	–	(107,701)
Allowance for impairment on trade and other receivables, net	(11,703)	–	–	(11,703)
Bad debt written off	(4,591)	–	–	(4,591)
Fair vale loss on contingent consideration receivables	–	(5,941)	–	(5,941)
Net realised and unrealised loss on other current financial assets	(343)	–	–	(343)
Loss on disposal of property, plant and equipment	(3,793)	–	–	(3,793)
Gain on bargain purchase	–	61,996	–	61,996
Share of results of a joint venture	–	–	17,153	17,153
Reportable segment assets	671,765	139,098	366,641	1,177,504
Reportable segment liabilities	47,557	54,310	–	101,867

6. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

	LED lighting RMB'000 (represented)	2014 Professional football club RMB'000	Property sub-leasing services RMB'000	Total RMB'000 (represented)
Turnover	144,327	–	–	144,327
Inter-segment revenue	–	–	–	–
Reportable segment revenue from external customers	144,327	–	–	144,327
Reportable segment results	(228,664)	–	(28,967)	(257,631)
Other information:				
Interest income	24	–	–	24
Interest expenses	(25,818)	–	(7,490)	(33,308)
Depreciation of property, plant and equipment	(9,923)	–	–	(9,923)
Amortisation of other intangible assets	(71,380)	–	–	(71,380)
Fair value gain on embedded derivatives of bonds	12,846	–	–	12,846
Fair value loss on embedded derivatives of convertible bonds	–	–	(34,780)	(34,780)
Impairment loss on goodwill	(96,043)	–	–	(96,043)
Impairment loss on other intangible assets	(28,207)	–	–	(28,207)
Allowance for impairment on trade and other receivables	(10,000)	–	–	(10,000)
Loss on disposal of property, plant and equipment	(986)	–	–	(986)
Share of results of a joint venture	–	–	13,303	13,303
Reportable segment assets	900,638	–	349,488	1,250,126
Reportable segment liabilities	122,160	–	–	122,160

6. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2015 RMB'000	2014 RMB'000 (represented)
Profit or loss		
Reportable segment results	**(261,146)**	(257,631)
Unallocated interest expenses	**(35)**	(39)
Unallocated depreciation of property, plant and equipment	**(777)**	(577)
Dividend income from other current financial assets	**260**	–
Net realised and unrealised loss on other current financial assets	**(1,866)**	–
Unallocated corporate administrative expenses	**(18,480)**	(8,825)
Consolidated loss before income tax	**(282,044)**	(267,072)
Assets		
Reportable segment assets	**1,177,504**	1,250,126
Other current financial assets	**6,453**	–
Unallocated head office and corporate assets	**26,812**	19,845
Consolidated total assets	**1,210,769**	1,269,971
Liabilities		
Reportable segment liabilities	**101,867**	122,160
Income tax payable	**21,153**	12,913
Deferred tax liabilities	**78,222**	121,277
Unallocated head office and corporate liabilities	**3,815**	4,004
Consolidated total liabilities	**205,057**	260,354

6. TURNOVER AND SEGMENT REPORTING (Continued)

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers by location of delivery of goods and/or services to the customers and information about the Group's non-current assets (other than financial instruments, deferred tax assets and post-employment benefit assets) by geographical location of assets:

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
The People's Republic of China (the "PRC")	**94,403**	103,415	**688,895**	893,336
France	**40,618**	–	**11,274**	–
Hong Kong (place of domicile)	**60,320**	14,401	**32,433**	35,651
Spain	**14,060**	18,104	**23,619**	54,909
Other countries	**10,625**	8,407	**–**	–
	220,026	144,327	**756,221**	983,896

(d) Major customers

During the years ended 31 December 2015 and 2014, there is no revenue from transactions with a single external customer amount to 10% or above of the total revenue of the Group.

7. OTHER REVENUE AND INCOME

	2015	2014
	RMB'000	RMB'000
Bank interest income	**913**	24
Rental income from property, plant and equipment	**400**	2,400
Scrap sales	**4,489**	2,947
Dividend income from other current financial assets	**260**	–
Gain on disposal of players' registration rights	**4,725**	–
Others	**4,369**	488
	15,156	5,859

8. LOSS BEFORE INCOME TAX

This is arrived at after charging:

	2015 RMB'000	2014 RMB'000
(a) Finance costs		
Interests on bank loans wholly repayable within 5 years	**187**	114
Interest on bonds (Note 30)	**1,175**	25,704
Imputed interest on convertible bonds (Note 31)	**–**	7,490
Finance charges on obligations under finance leases	**35**	39
Total finance costs	**1,397**	33,347
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**49,433**	28,602
Contributions to defined contribution retirement plans	**8,868**	1,245
Total staff costs	**58,301**	29,847
(c) Other items		
Auditor's remuneration		
– Audit services – current year	**974**	700
– under-provision in previous year	**–**	398
– Non-audit services	**269**	–
Bad debt written off	**4,591**	–
Cost of inventories sold	**152,609**	104,421
Depreciation of property, plant and equipment	**12,703**	10,500
Allowance for impairment on trade and other receivables, net	**11,703**	10,000
Write-down of inventories	**1,239**	346
Loss on disposal of property, plant and equipment	**3,793**	986
Share-based payment	**4,868**	4,792
Operating lease charges in respect of land and buildings	**6,399**	7,040
Research and development expenditures	**709**	664

Notes:

(i) Cost of inventories sold includes staff costs of RMB9,187,000 (2014: RMB9,240,000) and depreciation of RMB5,047,000 (2014: RMB3,916,000) as disclosed in staff costs and depreciation of property, plant and equipment above.

(ii) Research and development expenditures includes staff costs of RMB374,000 (2014: RMB375,000) and materials of RMB269,000 (2014: RMB151,000) incurred by the research and development department which are included in the staff costs and cost of inventories sold as disclosed above.

9. INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2015 RMB'000	2014 RMB'000
Hong Kong Profits Tax		
– Current year	–	9
– Over-provision in respect of prior years	–	(8)
PRC Enterprise Income Tax		
– Current year	**1,524**	2,891
	1,524	2,892
Deferred tax (Note 34(a))	**(45,343)**	(27,718)
Income tax	**(43,819)**	(24,826)

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) No provision for Hong Kong Profits Tax is provided as there are no estimated assessable profits for the year. In the prior year, the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for that year.

(iii) The domestic tax rate of the Group's principal subsidiaries in the PRC is used as it is where the operations of these subsidiaries are substantially based. Except for a PRC subsidiary which entitles a preferential tax rate of 15% for the three years ended 31 December 2014, 2015 and 2016 as it is certified as a high and new technology enterprise, the standard enterprise income tax rate of 25% (2014: 25%) is applicable to the rest of the Group's principal subsidiaries in the PRC.

(iv) The provision of income tax of subsidiary in France is based on the statutory tax rate of 33% (2014: N/A) of its assessable profits as determined in accordance with the French Income Tax Law.

(b) Reconciliation between income tax and accounting loss at applicable tax rates:

	2015 RMB'000	2014 RMB'000
Loss before income tax	**(282,044)**	(267,072)
Notional tax on loss before income tax, calculated at the rates applicable in the tax jurisdiction concerned	**(63,488)**	(36,816)
Tax effect of non-deductible expenses	**6,669**	9,160
Tax effect of non-taxable income	**(5,517)**	(2,120)
Tax effect of tax losses not recognised	**18,007**	4,242
Over-provision in respect of prior years	–	(8)
Tax effect of share of results of a joint venture	**510**	716
Income tax	**(43,819)**	(24,826)

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (disclosure of Information about Benefits of Directors) Regulation are as follows:

2015

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000	Other benefits RMB'000	Retirement scheme contributions RMB'000	2015 RMB'000
Executive Directors							
Li Wing Sang	329	1,606	207	–	–	15	2,157
Liu Xinsheng	329	–	–	–	–	–	329
Chiu Chi Hong	329	1,314	170	–	–	15	1,828
Independent non-executive Directors							
Tam Tak Wah	183	–	–	–	–	–	183
Ng Wai Hung	183	–	–	–	–	–	183
Lau Wan Cheung	183	–	–	–	–	–	183
	1,536	2,920	377	–	–	30	4,863

2014

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000	Other benefits RMB'000	Retirement scheme contributions RMB'000	2014 RMB'000
Executive Directors							
Li Wing Sang	287	1,361	179	–	–	13	1,840
Liu Xinsheng	287	–	–	–	–	–	287
Chiu Chi Hong	287	1,098	143	–	–	13	1,541
Independent non-executive Directors							
Tam Tak Wah	143	–	–	–	–	–	143
Ng Wai Hung	143	–	–	–	–	–	143
Lau Wan Cheung	143	–	–	–	–	–	143
	1,290	2,459	322	–	–	26	4,097

No director waives any emolument during the years ended 31 December 2014 and 2015.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2014: two) are directors of the Company whose emoluments are disclosed in Note 10. The emoluments payable to the remaining three (2014: three) non-director individuals are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and other benefits	**3,366**	1,253
Contributions to defined contribution retirement schemes	**1,238**	40
	4,604	1,293

The emoluments of three (2014: three) individuals above with the highest emoluments are within the following bands:

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

12. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since 31 December 2015 (2014: RMBNil).

13. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the share subdivision effected during the year as further mentioned in Note 36(a). Basic and diluted loss per share for the year ended 31 December 2014 are also represented to reflect the share subdivision during the year.

	2015 RMB'000	2014 RMB'000
Loss attributable to owners of the Company	**192,208**	216,852

	2015	2014 (Represented)
Weighted average number of shares in issue	**6,417,680,127**	5,870,319,023

(b) Diluted loss per share

The computation of diluted loss per share does not assume the subscription of the Company's outstanding potential dilutive ordinary shares in the calculation of diluted loss per share as they are anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the year ended 31 December 2014 and 2015.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Operating assets for energy efficiency projects RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost						
At 1 January 2014	51,542	11,639	3,135	4,224	3,937	74,477
Additions	14,401	5,043	339	780	1,593	22,156
Disposals	(451)	–	–	–	(879)	(1,330)
Exchange realignment	–	–	(17)	(19)	(19)	(55)
At 31 December 2014 and 1 January 2015	**65,492**	**16,682**	**3,457**	**4,985**	**4,632**	**95,248**
Additions	**4,848**	**3,785**	**2,035**	**3,021**	**4,272**	**17,961**
Disposals	**(9,620)**	**–**	**–**	**–**	**–**	**(9,620)**
Exchange realignment	**–**	**–**	**53**	**149**	**67**	**269**
At 31 December 2015	**60,720**	**20,467**	**5,545**	**8,155**	**8,971**	**103,858**
Accumulated depreciation						
At 1 January 2014	14,386	510	1,102	703	941	17,642
Charge for the year	6,217	1,682	787	1,171	643	10,500
Written back on disposal	(52)	–	–	–	(26)	(78)
Exchange adjustments	–	–	(4)	(14)	(10)	(28)
At 31 December 2014 and 1 January 2015	**20,551**	**2,192**	**1,885**	**1,860**	**1,548**	**28,036**
Charge for the year	**6,283**	**2,964**	**796**	**1,338**	**1,322**	**12,703**
Written back on disposal	**(5,575)**	**–**	**–**	**–**	**–**	**(5,575)**
Exchange realignment	**–**	**–**	**14**	**85**	**33**	**132**
At 31 December 2015	**21,259**	**5,156**	**2,695**	**3,283**	**2,903**	**35,296**
Carrying amount						
At 31 December 2015	**39,461**	**15,311**	**2,850**	**4,872**	**6,068**	**68,562**
At 31 December 2014	44,941	14,490	1,572	3,125	3,084	67,212

Notes:

(a) The operating assets mainly represented the costs of LED lighting products installed in relation to energy efficiency projects. The costs of these operating assets are capitalised and depreciated, on a straight-line basis, over the shorter of the useful lives of these assets and the remaining contractual periods of the respective contracts.

(b) At 31 December 2015, the carrying amounts of motor vehicles of the Group held under finance leases were RMB1,499,000 (2014: RMB1,221,000).

15. GOODWILL

	2015 RMB'000	2014 RMB'000
Cost		
At 1 January and 31 December	**372,627**	372,627
Impairment		
At 1 January	**293,088**	197,045
Impairment loss recognised	**79,539**	96,043
At 31 December	**372,627**	293,088
Carrying amount		
At 31 December	**–**	79,539

The Group's goodwill was arising from business combinations in 2011 in connection with the acquisition of (i) Giga-World Industry Company Limited and its subsidiary (collectively referred to as the "Giga-World Group"), (ii) Shine Link Technology Limited and its subsidiaries (collectively referred to as the "Shine Link Group"), (iii) Kings Honor Technology Limited and its subsidiaries (collectively referred to as the "Kings Honor Group"), (iv) Pacific King Technology Limited and its subsidiaries (collectively referred to as the "Pacific King Group"), (v) Starry View Investments Limited and its subsidiaries (collectively referred to as the "Starry View Group") and (vi) Mega Wide Investments Limited and its subsidiaries (collectively referred to as the "Mega Wide Group"), which represented their respective workforce, expected future profitability and synergies with the then existing LED lighting related businesses.

16. IMPAIRMENT TESTING ON GOODWILL

For the purpose of impairment testing, goodwill has been allocated to six cash-generating units ("CGUs") attributable to the above groups of subsidiaries which engaged in manufacture and sales of LED lighting products and accessories, and energy efficiency projects.

The recoverable amounts of the CGUs are determined by the directors of the Company based on value-in-use calculations with reference to professional valuations performed by Peak Vision Appraisals Limited ("Peak Vision"), an independent firm of professionally qualified valuers. These calculations used cash flow projections based on the financial budgets approved by the management covering a five-year period. The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3%, which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the business in which the individual CGU operates. The pre-tax discount rates as presented below are determined using the Capital Assets Pricing Model.

	2015		2014	
	Pre-tax discount rate	**Growth rate beyond 5 years**	Pre-tax discount rate	Growth rate beyond 5 years
Giga-World Group	**21.16%**	**3%**	22.54%	3%
Shine Link Group	**21.09%**	**3%**	27.74%	3%
Kings Honor Group	**20.01%**	**3%**	22.24%	3%
Pacific King Group	**21.17%**	**3%**	21.05%	3%
Starry View Group	**20.94%**	**3%**	20.03%	3%
Mega Wide Group	**26.47%**	**3%**	25.74%	3%

16. IMPAIRMENT TESTING ON GOODWILL (Continued)

In the opinion of the directors of the Company, the basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

Based on the above impairment assessments, the recoverable amounts of certain CGUs fell below the respective net carrying values of the assets as at 31 December 2015, and accordingly impairment loss on goodwill and other intangible assets of approximately RMB79,539,000 (2014: RMB96,043,000) and RMB107,701,000 (2014: RMB28,207,000) has been charged to profit or loss for the year ended 31 December 2015.

Analysis of carrying amounts of goodwill allocated to each of the CGUs and corresponding impairment loss recognised during the year ended 31 December 2015 are as follows:

	Carrying amount as at 31 December 2014 RMB'000	Impairment loss recognised during the year RMB'000	Carrying amount as at 31 December 2015 RMB'000
Giga-World Group	19,355	(19,355)	–
Shine Link Group	44,290	(44,290)	–
Kings Honor Group	–	–	–
Pacific King Group	15,894	(15,894)	–
Starry View Group and Mega Wide Group	–	–	–
	79,539	(79,539)	–

The above impairment losses are resulted mainly because of deterioration of profitability reflected by the decrease in turnover and/or gross profit margin in different CGUs, which is mainly attributable to the decrease in selling prices of the LED lighting products; and the failure to shift increased costs of production and other operating costs to the customers under the keen market competition.

As at 31 December 2015, the recoverable amount of Giga-World Group, Shine Link Group and Pacific King Group that impairment loss on goodwill has been recognised during the year are RMB228,100,000, RMB98,950,000 and RMB67,128,000 respectively.

17. OTHER INTANGIBLE ASSETS

	Customer relationships RMB'000	Patents RMB'000	Trademarks and tradenames RMB'000	Players' registration rights RMB'000	Total RMB'000
Cost					
At 1 January 2014 and 31 December 2014	478,900	243,300	50,000	–	772,200
Acquired on acquisition of a subsidiary (Note 39)	–	–	6,932	–	6,932
Additions	–	–	–	4,371	4,371
Exchange realignment	–	–	–	80	80
At 31 December 2015	478,900	243,300	56,932	4,451	783,583
Amortisation and impairment loss					
At 1 January 2014	89,028	85,512	10,416	–	184,956
Charge for the year	34,207	32,173	5,000	–	71,380
Impairment loss	28,207	–	–	–	28,207
At 31 December 2014 and 1 January 2015	151,442	117,685	15,416	–	284,543
Charge for the year	31,627	32,173	5,540	963	70,303
Impairment loss	99,072	8,629	–	–	107,701
Exchange realignment	–	–	–	18	18
At 31 December 2015	282,141	158,487	20,956	981	462,565
Carrying amount					
At 31 December 2015	196,759	84,813	35,976	3,470	321,018
At 31 December 2014	327,458	125,615	34,584	–	487,657

18. OTHER NON-CURRENT FINANCIAL ASSETS

	RMB'000
Regulatory loans	
Acquired on acquisition of a subsidiary (Note 39)	**4,853**
Additions	**326**
At 31 December 2015	**5,179**

The regulation in France requires the French companies to contribute a certain amount to the government funds which further provide mortgage loans to employees. Such contribution is made by granting an interest-free loan repayable after 20 years. These long-term loans are initially recognised at fair value determined by discounting the future cashflow at the market interest rate. A risk-free rate on government bonds with similar maturity is considered appropriate as the loans are granted to government funds.

19. CONTINGENT CONSIDERATION RECEIVABLES

	RMB'000
Acquired on acquisition of a subsidiary (Note 39)	**14,908**
Fair value change	**(5,941)**
At 31 December 2015	**8,967**
Non-current portion	**3,669**
Current portion included in other receivables and prepayments	**5,298**
	8,967

At 31 December 2015, the fair value of the contingent consideration receivables is determined by the professional valuation conducted by Peak Vision at EUR1,293,000 (equivalent to RMB8,967,000) by reference to the discount rates ranging from 11.13% to 11.16%.

20. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group at 31 December 2015. The class of shares held is ordinary, unless otherwise stated.

Name	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Percentage of issued/registered capital held by the Company Direct %	Indirect %	Principal activities
Giga-World Industry Company Limited	Hong Kong	HK$2,500,000	–	60	Investment holding and trading of LED lighting products
深圳風光新能源有限公司 Shenzhen Wind and Solar New Energy Company Limited (Note (i))	PRC	HK$38,000,000	–	60	Manufacture and sale of LED lighting products
U Young Technology Holdings Limited	Hong Kong	HK$10,000	–	100	Investment holding and trading of LED lighting products
尤陽(廈門)光電科技有限公司 U Young (Xiamen) Technology Company Limited (Note (i))	PRC	US$2,100,000	–	100	Manufacture and sale of LED lighting products
Wei Guang Holdings Limited	Hong Kong	HK$10,000,000	–	60	Investment holding and trading of LED lighting products
江西藍田偉光科技有限公司 Jiangxi Lantian Wei Guang Technology Company Limited	PRC	HK$10,000,000	–	57	Manufacture and sale of LED lighting products
Da Zhen (Hong Kong) Holdings Limited	Hong Kong	HK$10,000,000	–	60	Investment holding and trading LED lighting products
深圳市崇正電子科技有限公司 Shenzhen Chong Zhen Electronics Technology Company Limited (Note (i))	PRC	HK$10,000,000	–	60	Manufacture and sale of LED lighting products
LEDUS Lighting Technology Limited	Hong Kong	HK$10,000,000	–	100	Investment holding and trading of LED lighting products
上海米廷電子科技有限公司 Shanghai Meeting Electronic Technology Company Limited (Note (i))	PRC	US$1,500,000	–	60	Trading of LED lighting products
Alisea Esco, S.A. (Note (ii))	Spain	EUR15,000	–	70	Provision of energy efficiency services and trading of LED lighting products
Ledus España, S.L. (Note (ii))	Spain	EUR3,000	–	70	Trading of LED lighting products
Football Club Sochaux-Montbéliard SA (Note (ii))	France	EUR4,000,000	–	100	Provision of development and promotion of a professional football club
LEDUS Group Limited	Hong Kong	HK$10,000	–	100	Provision of administrative services

20. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

(i) These entities are wholly-owned foreign enterprises established in the PRC.

(ii) This entity is a limited liability company.

The following table lists out the information in respect of each of the Group's subsidiaries that has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

For the year ended 31 December 2015

	Giga-World Group RMB'000	**Kings Honor Group RMB'000**	**Pacific King Group RMB'000**
NCI percentage	**40%**	**43%**	**40%**
Current assets	**57,056**	**40,204**	**47,065**
Non-current assets	**207,708**	**23,317**	**28,806**
Current liabilities	**(28,411)**	**(36,807)**	**(32,001)**
Non-current liabilities	**(49,691)**	**(1,187)**	**(1,977)**
Net assets	**186,662**	**25,527**	**41,893**
Carrying amount of NCI	**74,665**	**10,977**	**16,757**
Revenue	**15,685**	**34,396**	**56,429**
Loss for the year	**(47,773)**	**(39,157)**	**(7,896)**
Total comprehensive income	**(46,892)**	**(38,846)**	**(7,680)**
Loss allocated to NCI	**(19,109)**	**(16,838)**	**(3,158)**
Cashflows from operating activities	**3,698**	**(8,162)**	**5,258**
Cashflows from investing activities	**(63)**	**(3,689)**	**(5,615)**
Cashflows from financing activities	**(4,268)**	**–**	**(139)**

For the year ended 31 December 2014

	Giga-World Group RMB'000	Kings Honor Group RMB'000	Pacific King Group RMB'000
NCI percentage	40%	43%	40%
Current assets	45,275	50,039	42,766
Non-current assets	265,879	54,799	40,924
Current liabilities	(14,947)	(31,006)	(28,230)
Non-current liabilities	(62,653)	(9,459)	(5,887)
Net assets	233,554	64,373	49,573
Carrying amount of NCI	95,332	31,042	22,981
Revenue	9,646	45,881	57,036
Loss for the year	(30,351)	(8,335)	(1,252)
Total comprehensive income	(29,631)	(8,331)	(1,240)
Loss allocated to NCI	(12,086)	(3,743)	(454)
Cashflows from operating activities	(5,405)	7,812	8,716
Cashflows from investing activities	(118)	(4,559)	(12,395)
Cashflows from financing activities	4,322	–	(132)

21. INTERESTS IN JOINT ARRANGEMENTS

(a) Interest in a joint venture

	2015 RMB'000	2014 RMB'000
Share of net assets	**366,641**	349,488

Details of the Group's interest in a joint venture, which is accounted for using equity method in the consolidated financial statements for the year ended 31 December 2015, are as follows:

Name of joint venture	Place of establishment business and operation	Registered capital	Percentage of registered capital held by the Company Direct	Percentage of registered capital held by the Company Indirect	Principal activities
Shanghai Fuchao Property Management Company Limited ("Fuchao")	PRC	RMB9,000,000	–	50%	Provision of property sub-leasing services

Summarised financial information of Fuchao is disclosed below:

	2015 RMB'000	2014 RMB'000
Gross amounts:		
Non-current assets	**627,488**	652,072
Current assets	**294,060**	237,876
Current liabilities	**(31,503)**	(28,013)
Non-current liabilities	**(156,763)**	(162,959)
Equity	**733,282**	698,976
Included in the above assets and liabilities:		
Cash and cash equivalents	**16,767**	3,169
Revenue	**56,890**	55,338
Profit from continuing operations	**34,306**	26,606
Total comprehensive income	**34,306**	26,606
Group's effective interest	**50%**	50%
Group's share of Fuchao's profit	**17,153**	13,303
Included in the above profit:		
Depreciation and amortisation	**(23,666)**	(17,075)
Interest income	**17**	8
Interest expenses	**–**	–
Income tax credit	**4,077**	2,862
Reconciled to the Group's interest in Fuchao:		
Gross amount of Fuchao's net assets	**733,282**	698,976
Group's effective interest	**50%**	50%
Group's share of Fuchao's net assets	**366,641**	349,488

21. INTERESTS IN JOINT ARRANGEMENTS (Continued)

(b) Interests in joint operations

Based on (i) the partnership agreements dated 12 June 2012 and 1 May 2013 between Alisea Esco, S.A. and Indra Sistemas, S.A., an independent third party; and (ii) partnership agreement dated 11 February 2015 between Alisea Esco, S.A. and Piamonte Servicios Integrales S.A., an independent third party, Union Temporal de Empresas of the Law (the "UTE"), which is a form of non-equity consortium in Spain, UTE of Tarancon, UTE of Jaen and UTE of Cartaya were formed on 15 October 2012, 18 July 2013 and 16 February 2015, respectively, in relation to the supply of and provision of installation and maintenance of the public LED lights in Spain.

On 16 October 2012, 29 July 2013 and 10 March 2015, UTE of Tarancon, UTE of Jaen, UTE of Cartaya entered into a contract with the Town Council of Tarancon, Jaen and Cartaya respectively in Spain, pursuant to which, UTE of Tarancon, UTE of Jaen and UTE of Cartaya have been awarded energy efficiency contracts for the provision of the installation and maintenance of the public LED lights for the Town of Tarancon, Jaen and Cartaya respectively in Spain for a period of 16, 16 and 6 years respectively and the income from these energy efficiency contracts is determined by the efficiency and energy saving arising from the LED lights. Based on the terms of the partnership agreements dated 12 June 2012 and 1 May 2013, Alisea Esco, S.A. and Indra Sistemas S.A; and the partnership agreement dated 11 February 2015, Alisea Esco, S.A. and Piamonte Servicios Integrales are responsible for the supply and installation of LED lights, which are manufactured by the Group, and the provision of maintenance and repairs of these LED lights, respectively, during the periods of the energy efficiency contracts. The share of the income from the energy efficiency contracts by each of participating parties are specified in the three partnership agreements.

The arrangements for UTE of Tarancon, UTE of Jaen and UTE of Cartaya are regarded as joint operations and the investments in the three energy efficiency contracts by Alisea Esco, S.A. are accounted for in accordance with the accounting policy as set out in Note 3(d). All of the direct costs of the installed LED lights, as supplied by the Group, under the energy efficiency contracts are capitalised and depreciated, on a straight line basis, over the shorter of their useful lives and the remaining periods of the energy efficiency contracts as detailed in Note 14(a).

22. OTHER CURRENT FINANCIAL ASSETS

	2015 **RMB'000**	2014 RMB'000
In Hong Kong		
Listed equity securities	**6,453**	–
Pledged certificate of deposit	**24,336**	–
	30,789	–

As at 31 December 2015, a certificate of deposit of RMB24,336,000 (2014: RMBNil) was pledged to a bank as security made in favour of certain banks in Spain for the performance bonds issued in relation to energy efficiency contracts.

23. INVENTORIES

	2015 **RMB'000**	2014 RMB'000
Raw materials	**8,739**	7,212
Work-in-progress	**1,172**	1,240
Finished goods	**20,485**	10,271
	30,396	18,723

All of the inventories are expected to be recovered within one year.

During the year, the Group has carried out regular review of the carrying amounts of inventories with reference to aged analysis, expected future consumption and management judgement. As a result, it is identified that the estimated net realisable value of certain inventories of RMB1,239,000 (2014: RMB346,000) is minimal and therefore such inventories have been fully written down and charged in profit or loss in the current year.

24. TRADE AND BILLS RECEIVABLES

	2015 **RMB'000**	2014 RMB'000
Trade receivables	**151,648**	98,441
Less: Allowance for doubtful debts (Note (b))	**(13,985)**	(4,153)
	137,663	94,288
Bills receivables	**5,318**	10,066
	142,981	104,354

All of the trade and bills receivables are expected to be recovered within one year.

(a) Aging analysis

Aging analysis of trade and bills receivables based on the invoiced date (or date of revenue recognition, if earlier) and net of provisions as of the end of the reporting period is as follows:

	2015 **RMB'000**	2014 RMB'000
0–30 days	**35,858**	29,133
31–90 days	**29,046**	20,953
91–180 days	**20,085**	13,167
181–365 days	**38,064**	12,957
Over 365 days	**19,928**	28,144
	142,981	104,354

The Group normally grants a normal credit period of 90 to 365 days (2014: 90 to 365 days) to its customers. Certain well-established customers who have strong financial strength, good repayment history and creditworthiness, the Group extends their credit periods beyond 180 days. Each customer of the Group has a maximum credit limit.

24. TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment on trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	2015 **RMB'000**	2014 RMB'000
At 1 January	**4,153**	153
Reversal of impairment	**(776)**	–
Impairment recognised	**10,588**	4,000
Exchange realignment	**20**	–
Net charge to profit or loss	**9,832**	4,000
At 31 December	**13,985**	4,153

As at 31 December 2015, trade receivables of the Group amounted to RMB13,985,000 (2014: RMB4,153,000) were individually determined to be impaired and full allowance for impairment had been made. These individually impaired receivables were outstanding over 365 days at the end of the reporting period, taking into account of creditworthiness, past payment history and subsequent settlement of each customer up to date of approval of the financial statements. Accordingly, allowance for doubtful debts of RMB9,832,000 (2014: RMB4,000,000) was recognised during the year.

No cash deposit or collateral had been placed by the related trade debtors with the Group (2014: RMBNil).

(c) Trade and bills receivables that are not impaired

The aging analysis of trade and bills receivables based on the due date that are neither individually nor collectively considered to be impaired are as follows:

	2015 **RMB'000**	2014 RMB'000
Neither past due nor impaired	**73,069**	59,372
1–180 days	**27,782**	13,031
Over 180 days	**42,130**	31,951
	142,981	104,354

Receivables that were neither past due nor impaired relate to a wide range of 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, management believes that no impairment allowance 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.

25. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments included the following balances:

(a) There are the aggregate receivables of approximately RMB78,348,000 (2014: RMB90,176,000) from four independent third party principals under relevant agency agreements, which are interest-free, due for repayment within one year and secured by collaterals for repayment. The directors of the Company are of the opinion that, after taking into account of the past payment history and subsequent settlement of these principals and their collaterals, the balances due from the principals can be fully recoverable and no impairment is necessary at the end of the reporting period.

(b) There are amounts due from non-controlling owners of subsidiaries of RMB13,000 (2014: RMB5,206,000), net of impairment, which are unsecured, interest-free and repayable on demand.

(c) Impairment on other receivables

The movements in the allowance other receivables during the year are as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	6,000	–
Impairment recognised	1,871	6,000
Written-off	(5,000)	–
At 31 December	2,871	6,000

Except for the amount impaired, 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.

26. CASH AT BANKS AND IN HAND AND PLEDGED BANK DEPOSITS

	2015 RMB'000	2014 RMB'000
Cash at banks and in hand	86,220	33,351
Bank deposits	42,359	–
Pledged bank deposits	487	23,935
	129,066	57,286

As at 31 December 2015, the pledged bank deposits of RMB487,000 (2014: RMB23,935,000) were pledged to banks as security deposits made in favour of certain banks in Spain for the performance bonds issued in relation to energy efficiency projects.

27. TRADE AND BILLS PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**24,810**	22,307
Bills payables	**848**	–
	25,658	22,307

Aging analysis of trade and bills payables based on the invoice date (or date of cost recognition, if earlier) as of the end of the reporting period is as follows:

	2015 RMB'000	2014 RMB'000
0–30 days	**12,268**	5,641
31–90 days	**7,509**	4,579
91–365 days	**4,691**	7,836
Over 365 days	**1,190**	4,251
	25,658	22,307

The credit terms granted by suppliers are generally for a period of 30 to 90 days, computing from the end of the month of the relevant purchase.

28. OTHER PAYABLES AND ACCRUALS

All of the other payables and accruals are expected to be settled within one year.

29. BANK LOANS

As at 31 December 2015, the Group's bank loans are interest-bearing at Hong Kong dollar best lending rate minus 2.00% per annum (2014: Hong Kong dollar best lending rate minus 2.25% per annum) and repayable within one year after the end of the reporting period.

The corporate guarantee of the Company is executed to secure the bank loans of the Group as at the end of reporting period.

30. BONDS PAYABLE

In prior years, the Company issued bonds with principal amount of RMB72,000,000, which are unsecured, interest-bearing at the coupon rate of 8% per annum payable annually and will be matured on 6 December 2017. The bonds are carried at amortised cost using the effective interest rate at 18.68% per annum.

The bondholder is granted with a put option ("Put Option"), upon serving a written notice by the bondholder to the Company to exercise the Put Option in accordance with the bond instrument, to require the Company to redeem the bonds in whole or in part at the principal amount, together with any accrued and unpaid interest in cash. The Put Option notice shall only be exercised by the bondholder at the date on the 24th or 36th or 48th calendar month of the issue date as stipulated in the bond instrument. In accordance with the bond instrument, the Company has a call option ("Call Option") to redeem the bonds in whole or in part at the principal amount, together with any accrued and unpaid interest thereon, at the date on the 24th or 36th or 48th calendar month of the issue date. Put Option and Call Option are not closely related to the host liability and are measured at fair value at the end of each reporting period with changes in fair value recognised in profit or loss.

During the year ended 31 December 2014, the bondholder exercised the Put Option pursuant to which the aggregate amount of RMB77,760,000 comprising the principal amount of RMB72,000,000 and related interest of RMB5,760,000 became immediately due for repayment. The fair values of the Put Option and the Call Option, upon the exercise of the Put Option, became nil and accordingly a gain on change in fair value of RMB12,846,000 was recognised in profit or loss. Furthermore, the difference between the carrying amount of the liability component immediately before the exercise of the Put Option and the aggregate amount of RMB77,760,000 was recognised as imputed interest. Total imputed interest of RMB25,323,000 was recognised in profit or loss during the year ended 31 December 2014. The amount due is also interest-bearing at the coupon rate of 8% per annum and therefore further interest of RMB381,000 is also charged to profit or loss during the year ended 31 December 2014.

On 19 December 2014 and 7 January 2015, the Company and the bondholder entered into extension agreements to extend the due date of full repayment of the outstanding principal amount and related interest to 7 January 2015 and 17 June 2015 respectively.

During the year ended 31 December 2015, interest amount of RMB1,175,000 is charged to profit or loss and principal amount and accrued interests of the bonds in the aggregate amount of RMB67,543,000 were fully repaid by offset against the subscription price of the Company's unlisted warrants, for which the holder of the Company's unlisted warrants is the same as the holder of the bonds.

30. BONDS PAYABLE (Continued)

The movements of the embedded derivatives and liability component of the bonds during the year are set out below:

	Put Option and Call Option RMB'000	Liability component RMB'000	Total RMB'000
At 1 January 2014	12,846	52,437	65,283
Interest charged to profit or loss up to exercise of the Put Option	–	25,323	25,323
Change in fair value	(12,846)	–	(12,846)
Carrying amount upon exercise of the Put Option	**–**	**77,760**	**77,760**
Repayment of principal	**–**	**(6,000)**	**(6,000)**
Coupon interest paid	**–**	**(5,773)**	**(5,773)**
Further interest charged to profit or loss after exercise of the Put Option	**–**	**381**	**381**
At 31 December 2014 and 1 January 2015	**–**	**66,368**	**66,368**
Interest charged to profit or loss	**–**	**1,175**	**1,175**
Repayment of principal	**–**	**(66,000)**	**(66,000)**
Coupon interest paid	**–**	**(1,543)**	**(1,543)**
At 31 December 2015	**–**	**–**	**–**

31. CONVERTIBLE BONDS

On 24 March 2014, the Company issued unsecured, zero-coupon convertible bonds with a principal amount of HK$270,000,000 as part of the consideration for the acquisition of 50% equity interest in Fuchao. The convertible bonds are convertible at the option of the bond holder into ordinary shares of the Company on or before 24 March 2019 (subject to the Extension Option and Redemption Option as detailed below) at a conversion price of HK$4.136 per share (subject to anti-dilution adjustments).

The Company has the sole discretion to extend the maturity date for another five years to 24 March 2024, upon serving a notice to the bond holder, at any time during the 3 months prior to the 24 March 2019 (the "Extension Option") and redeem the convertible bonds in whole or in part at the principal amount before the maturity date (the "Redemption Option"). If the convertible right is not exercised by the bond holder, the convertible bonds will be redeemed on the maturity date at the principal amount on that date.

31. CONVERTIBLE BONDS (Continued)

On the issue date of the convertible bonds, the fair values of the entire convertible bonds, the liability component, the Extension Option and the Redemption Option of the convertible bonds were individually measured with reference to professional valuations by Peak Vision. The fair value of the liability component of the convertible bonds was measured by using an equivalent market interest rate for similar bonds without a conversion option. Since the Extension Option and the Redemption Option are not closely related to the host liability, they were measured as embedded derivative financial assets at fair value through profit or loss. The residual amount of convertible bonds, after deducting the liability component, the Extension Option and the Redemption Option, representing the equity component and was included in shareholders' equity.

Subsequently, the liability component is carried at amortised cost using the effective interest rate at 11.94% per annum. Since the Extension Option and the Redemption Option are derivative financial assets at fair value through profit or loss, they are measured at fair value at the end of each reporting period with changes in fair value recognised in profit or loss.

During the year ended 31 December 2014, the convertible bonds were fully converted into ordinary shares of the Company at the conversion price of HK$4.136 per share for 65,280,464 ordinary shares of the Company (Note 36(c)).

	The Extension Option RMB'000	**The Redemption Option** RMB'000	**Liability component** RMB'000	**Total** RMB'000
Issue of the convertible bonds:				
– Fair value of the convertible bonds				200,237
– Equity component				(118,459)
– Embedded derivatives and liability component	(12,597)	(27,236)	121,611	81,778
Conversion into ordinary shares	1,452	3,769	(129,511)	(124,290)
Imputed interest charged to profit or loss	–	–	7,490	7,490
Fair value change upon conversion	11,199	23,581	–	34,780
Exchange realignment	(54)	(114)	410	242
At 31 December 2014	–	–	–	–

32. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its motor vehicles under lease terms ranging from 3 to 4.5 years. These leases are classified as finance leases as the rental period amounts to the estimated useful life of the assets concerned and the Group has the right to purchase these assets outright at the end of the minimum lease term by paying a nominal amount.

As at 31 December 2015, the Group has obligations under finance leases repayable as follows:

	2015		2014	
	Total minimum lease payments RMB'000	**Present value of the minimum lease payments RMB'000**	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000
Within 1 year	**531**	**494**	401	376
After 1 year but within 2 years	**543**	**524**	193	182
After 2 years but within 5 years	**220**	**217**	204	198
	1,294	**1,235**	798	756
Less: Total future interest expenses	**(59)**	**–**	(42)	–
	1,235	**1,235**	756	756
Less: Amount due for settlement within 12 months		**(494)**		(376)
Amount due for settlement after 12 months		**741**		380

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

33. EMPLOYEE RETIREMENT BENEFITS

(a) Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan held separately from those of the Group in funds under the control of trustees. Under the MPF Scheme, the employer and employees are each required to make contributions to the plan of 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2014: HK$30,000). Contributions to the plan vest immediately.

The PRC subsidiaries participate in several defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes certain percentage of the eligible employees' salaries. The local government authority is responsible for the entire pension obligations payable to retired employees. The only obligation of the Group with respect to the Schemes is to make the specified contributions. The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

The France subsidiary contributes to defined contribution government pension schemes through the payment of the social charges on a quarterly basis.

33. EMPLOYEE RETIREMENT BENEFITS (Continued)

(b) Defined benefits retirement plan

The France subsidiary also operates a defined benefit pension plan which is related to retirement bonus representing one-off payments made at the time of retirement according to the collective employment agreements. The contributions were made to a separately administratived fund and the benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit actuarial valuation method.

34. DEFERRED TAX LIABILITIES

(a) Deferred tax liabilities recognised

The components of deferred tax liabilities mainly relating to the Group's other intangible assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of year	**121,277**	148,995
Acquired on acquisition of a subsidiary (Note 39)	**2,288**	–
Credited to profit or loss (Note 9(a))	**(45,343)**	(27,718)
At end of year	**78,222**	121,277

(b) Deferred tax assets or liabilities not recognised

At the end of the reporting period, the Group has unused tax losses of RMB313,673,000 (2014: RMB37,923,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams of the relevant group entities. Tax losses of RMB278,298,000 (2014: RMB25,083,000) may be carried forward indefinitely and the remaining amount would expire in five years from the respective dates of incurrence.

As at 31 December 2015 and 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that the subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with interests in subsidiaries in the PRC for which deferred tax liabilities have not been recognised is in total amount of approximately RMB5,016,000 (2014: RMB6,443,000).

35. SHARE OPTION SCHEME

Pursuant to a share option scheme (the "Share Option Scheme") approved by a resolution of the shareholders of the Company dated 26 July 2007, the Company may grant options to employees, directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, or substantial shareholder of the Company, to attract and retain the best available personnel, to provide additional incentive to employees and to promote the success of the business of the Group. The subscription price of the share option of the Company is HK$1.00 upon each grant of options offered and the options granted must be taken up within seven days from the date of grant.

The maximum number of shares that may be granted under the Share Option Scheme and other share option schemes shall not exceed 10% of the number of issued shares of the Company from time to time. No option may be granted to any person such that the total number of shares of the Company issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of shares of the Company in issue.

The Share Option Scheme shall be valid and effective for a period of 10 years ending on 25 July 2017 after which no further options will be granted. The exercise price of the options will be at least the highest of: (a) the closing price of the shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheet) on the offer date, which must be a business date; (b) the average closing price of the shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheet) for the five business days immediately preceding the offer date; and (c) the nominal value of the shares.

The total number of shares available for issue under the Share Option Scheme at the end of the reporting period was 433,080,800 shares (2014: 108,270,200 shares) which represented 6.63% (2014: 7.01%) of the issued share capital of the Company at the end of the reporting period. The increase in total number of shares available for issue was due to the completion of share subdivision of the Company during the year ended 31 December 2015. There is no minimum period for which an option to be held before it can be exercised under the Share Option Scheme. As at 31 December 2014 and 2015, there was no outstanding share option. No share option was granted during the years ended 31 December 2014 and 2015.

36. SHARE CAPITAL

	Number of shares of HK$0.0025 each	Number of shares of HK$0.01 each	Nominal value of ordinary shares HK$'000	RMB'000
Authorised:				
At 1 January 2014 and 31 December 2014		2,000,000,000	20,000	
Effect of share subdivision to HK$0.0025 each (Note (a))	8,000,000,000	(2,000,000,000)	–	
At 31 December 2015	8,000,000,000	–	20,000	
Issued and fully paid:				
At 1 January 2014	–	1,148,160,000	11,482	10,407
– upon exercise of unlisted warrants (Note (b))	–	36,640,000	366	287
– upon full conversion of convertible bonds (Note (c))	–	65,280,464	653	517
– upon acquisition of equity interest in a joint venture (Note (d))	–	33,849,129	338	268
– upon completion of bonus issue (Note (e))	–	255,185,918	2,552	2,022
– upon completion of a share transaction (Note (f))	–	5,000,000	50	40
At 31 December 2014	–	1,544,115,511	15,441	13,541
– upon exercise of unlisted warrants (Note (b))	50,000,000	77,600,000	901	726
– upon completion of share subdivision (Note (a))	6,486,862,044	(1,621,715,511)	–	–
At 31 December 2015	6,536,862,044	–	16,342	14,267

36. SHARE CAPITAL (Continued)

The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. All the new shares issued during the year ended 31 December 2015 rank pari passu in all respects with the then existing ordinary shares of the Company.

Notes:

(a) Subdivision of 1 ordinary share of HK$0.01 each into 4 ordinary shares of HK$0.0025 each

On 17 August 2015, an ordinary resolution was passed by the shareholders at an extraordinary general meeting of the Company pursuant to which each of the existing issued and unissued ordinary shares of the Company of HK$0.01 per share was subdivided into 4 ordinary shares of HK$0.0025 per share.

Accordingly, 1,621,715,511 ordinary shares of HK$0.01 each were cancelled and 6,486,862,044 new ordinary shares of HK$0.0025 each were allotted and distributed as fully paid to existing shareholders of the Company. Further details are set out in the Company's announcements dated 15 July 2015 and 17 August 2015 and the circular dated 27 July 2015.

(b) Issue of new ordinary shares upon exercise of unlisted warrants

During the year ended 31 December 2015, 77,600,000 (2014: 36,640,000) new ordinary shares of the Company of HK$0.01 each were issued upon the exercise of 77,600,000 (2014: 36,640,000) unlisted warrants at an exercise price of ranging from HK$2.50 to HK$3.29 per share (2014: HK$1.95 to HK$3.29 per share). 50,000,000 (2014: Nil) new ordinary shares of the Company of HK$0.0025 each were issued upon the exercise of 50,000,000 (2014: Nil) unlisted warrants at an exercise price of HK$0.82 per share (2014: N/A).

The exercise of the above unlisted warrants give rise to an aggregate proceeds of RMB216,225,000 (2014: RMB76,969,000), net of expense, of which RMB726,000 (2014: RMB287,000) was credited to share capital and the remaining balance of RMB215,499,000 (2014: RMB76,682,000) was credited to the share premium account. The exercise of the above unlisted warrants also resulted in the transfer of RMB43,360,000 (2014: RMB8,153,000) from warrant reserve to share premium account.

(c) Issue of new ordinary shares upon full conversion of convertible bonds

During the year ended 31 December 2014, 65,280,464 new ordinary shares of HK$0.01 each were issued upon the full conversion of the convertible bonds with a principal amount of HK$270,000,000. The conversion gives rise to the conversion of the convertible bonds with carrying amount of RMB124,290,000, of which RMB517,000 was credited to share capital and the remaining balance of RMB123,773,000 was credited to share premium account. The conversion of convertible bonds also resulted in the transfer of RMB118,459,000 from the convertible bonds-equity component to share premium account.

(d) Issue of new ordinary shares upon acquisition of equity interest in a joint venture

During the year ended 31 December 2014, the Company issued 33,849,129 new ordinary shares of HK$0.01 each measured at a price of HK$3.89 each, being the relevant closing market price of the shares of the Company as part of the consideration for the acquisition of equity interest in a joint venture, which gave rise to a notional consideration amount of RMB104,272,000. Accordingly, RMB268,000 was credited to share capital and the remaining balance of RMB104,004,000 was credited to share premium account.

(e) Issue of new ordinary shares upon completion of bonus issue

During the year ended 31 December 2014, a bonus issue was made by the Company on the basis of one bonus share for every five existing shares in issue held on the record date. Accordingly, 255,185,918 bonus shares of HK$0.01 each where allotted and distributed as fully paid to existing shareholders of the Company by way of capitalisation of an amount of RMB2,022,000 of the share premium account of the Company. Further details are set out in the Company's announcements dated 26 September 2014 and 24 November 2014, and circular dated 17 October 2014.

(f) Issue of new ordinary shares upon completion of a share transaction

During the year ended 31 December 2014, the Group entered into a spokesperson agreement pursuant to which two artists will be acting as spokespersons of the Group's owned brand "LEDUS" for the period from 1 January 2014 to 31 December 2018. The nominal consideration of the spokesperson agreement was HK$30,000,000 (equivalent to RMB23,960,000) and has been settled by the allotment and issue of 5,000,000 ordinary shares of the Company during the year. During the year ended 31 December 2015, share-based payment expenses of RMB4,868,000 (equivalent to HK$6,000,000) (2014: RMB4,792,000 (equivalent to HK$6,000,000)) was recognised in profit or loss with a corresponding credit to equity, of which RMB4,868,000 was credited to share premium account (2014: RMB40,000 was credited to share capital and the remaining balance of RMB4,752,000 was credited to share premium account) in respect of the services provided by the artists during the year ended 31 December 2015. The remaining balance of RMB14,300,000 (2014: RMB19,168,000) will be charged to profit or loss and a corresponding credit to equity on a straight-line basis over the remaining service period. Further details are set out in the Company's announcement dated 31 October 2014.

37. PLEDGED ASSETS

Other than those disclosed elsewhere in these financial statements, at the end of the reporting period, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	2015 RMB'000	2014 RMB'000
Pledged certificate of deposit	**24,336**	–
Pledged bank deposits	**487**	23,935
	24,823	23,935

38. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share premium RMB'000 (Note (a))	**Warrant reserve** RMB'000 (Note (b))	**Convertible bonds-equity component** RMB'000 (Note (d))	**Exchange reserve** RMB'000 (Note (f))	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2014	927,204	41,691	–	(17,650)	(263,167)	688,078
Issue of unlisted warrants	–	12,042	–	–	–	12,042
Issue of convertible bonds	–	–	118,459	–	–	118,459
Issue of new shares:						
– upon exercise of unlisted warrants	84,835	(8,153)	–	–	–	76,682
– upon full conversion of convertible bonds	242,232	–	(118,459)	–	–	123,773
– upon acquisition of equity interest in a joint venture	104,004	–	–	–	–	104,004
– upon completion of bonus issue	(2,022)	–	–	–	–	(2,022)
– upon completion of a share transaction	4,752	–	–	–	–	4,752
Lapsed of unlisted warrants	–	(2,213)	–	–	2,213	–
Loss for the year	–	–	–	–	(263,278)	(263,278)
Exchange differences on translation of financial statements	–	–	–	(13,579)	–	(13,579)
Total comprehensive income for the year	–	–	–	(13,579)	(263,278)	(276,857)
At 31 December 2014 and 1 January 2015	**1,361,005**	**43,367**	**-**	**(31,229)**	**(524,232)**	**848,911**
Issue of new shares:						
– upon exercise of unlisted warrants	**258,859**	**(43,360)**	**-**	**-**	**-**	**215,499**
Share-based payment for a share transaction	**4,868**	**-**	**-**	**-**	**-**	**4,868**
Loss for the year	**-**	**-**	**-**	**-**	**(233,739)**	**(233,739)**
Exchange differences on translation of financial statements	**-**	**-**	**-**	**7,925**	**-**	**7,925**
Total comprehensive income for the year	**-**	**-**	**-**	**7,925**	**(233,739)**	**(225,814)**
At 31 December 2015	**1,624,732**	**7**	**-**	**(23,304)**	**(757,971)**	**843,464**

38. RESERVES (Continued)

Notes:

(a) Share premium

The share premium account represents the excess of the issue price net of any issuance expenses over the par value of the shares issued and has been credited to the share premium account of the Company. The application of the share premium account is governed by Section 34 under the Companies Law of the Cayman Islands.

(b) Warrant reserve

Warrant reserve represents the net proceeds received from the issue of unlisted warrants of the Company. This reserve will be transferred to share capital and share premium account upon exercise of unlisted warrants.

(c) Other reserve

The other reserve represented the gain arising from acquisition of additional 10% equity interest in a subsidiary from its non-controlling interest during the year ended 31 December 2013.

(d) Convertible bonds-equity component

This reserve represents the value of equity component of convertible bonds issued by the Company as set out in Note 31. During the year ended 31 December 2014, the convertible bonds have been fully converted and accordingly the carrying amount of this reserve has been transferred to share premium account.

(e) Actuarial gain/loss reserve

The actuarial gain/loss reserve comprises the cumulated net change in the fair value of the contribution to the defined benefit plan held by French subsidiary at the end of the report period and is dealt with in accordance with the accounting policies set out in Note 3(w)(ii).

(f) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations outside the PRC. The reserve is dealt with in accordance with the accounting policies set out in Note 3(z).

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2015.

The Group monitors its capital structure on the basis of a gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

The gearing ratios at 31 December 2014 and 2015 were as follows:

	2015 **RMB'000**	2014 RMB'000
Bank loans	**132**	11,293
Obligations under finance leases	**1,235**	756
Bonds payable	**–**	66,368
Total debt	**1,367**	78,417
Less: Cash and cash equivalents	**(128,579)**	(33,351)
Net debt	**N/A**	45,066
Total equity	**1,005,712**	1,009,617
Gearing ratio	**N/A**	4.5%

39. ACQUISITION OF A SUBSIDIARY

On 2 July 2015, the Group has completed the acquisition of the entire issued share capital of Football Club Sochaux – Montbéliard SA ("FCSM") for a cash consideration of EUR7,000,000 (equivalent to approximately RMB48,178,000). This acquisition has been accounted for using the purchase method. The amount of gain on bargain purchase arising as a result of the acquisition was RMB61,996,000. FCSM is engaged in the development and promotion of a professional football club. FCSM was acquired so as to further diversify the business segments of the Group and enhence the exposure and recognition of the Group's LED brand name, "LEDUS" in Europe.

The fair value of identifiable assets and liabilities of FCSM as at the date of acquisition were:

	RMB'000
Other intangible assets (Note 17)	6,932
Other non-current financial assets (Note 18)	4,853
Inventories	596
Trade receivables	8,159
Other receivables and prepayments	7,616
Cash at bank and in hand	107,253
Trade payables	(9,036)
Other payables and accruals	(27,037)
Defined benefit obligations	(1,782)
Deferred tax liabilities	(2,288)
Total identifiable net assets	95,266
Contingent consideration receivables (Note (a))	14,908
Gain on bargain purchase	(61,996)
Consideration	48,178

Notes:

(a) Pursuant to the acquisition agreement ("Acquisition Agreement"), the consideration is subject to a price reduction ("Price Reduction") of an annual amount to EUR1,500,000 (equivalent to RMB10,324,000) in the event that FCSM achieves the mutually agreed conditions stated in the Acquisition Agreement for each of the two financial years ending 30 June 2016 and 2017 respectively. At the date of acquisition, the aggregate fair value of the Price Reduction is determined by the professional valuation conducted by Peak Vision at EUR2,166,000 (equivalent to approximately RMB14,908,000) by reference to the discount rates ranging from 12.18% to 12.19%, which gave rise to contingent consideration receivables of the same amount as at the date of acquisition.

(b) Acquisition-related costs amounting to RMB10,205,000 have been excluded from the consideration paid and have been recognised as administrative expenses during the year ended 31 December 2015.

(c) The net cash inflow on acquisition of subsidiary is RMB59,075,000, which represented the cash consideration paid of RMB48,178,000 less cash at banks and in hand acquired of RMB107,253,000.

(d) Since the acquisition, FSCM has contributed revenue of RMB35,186,000 and profit of RMB23,706,000 to the Group. If the acquisition had occurred on 1 January 2015, the Group's revenue and loss would have been RMB304,320,000 and RMB234,741,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor it is intended to be a projection of future performance.

(e) Gain on bargain purchase is included in Group's consolidated statement of profit or loss as a separate item. In order to attract the Group to acquire FCSM and continue to operate the football club, for which it has long history, the consideration of the acquisition was determined based on a discounted price, resulting in the gain on bargain purchase.

Further details are set out in the Company's announcements dated 18 May 2015 and 6 July 2015 and the circular dated 13 June 2015 respectively.

40. ACQUISITION OF EQUITY INTEREST IN A JOINT VENTURE

During the year ended 31 December 2014, the Group completed the acquisition of 50% equity interest in Fuchao at an aggregate nominal consideration of HK$450,000,000 which was satisfied by the payment of cash, issue of convertible bonds and ordinary shares of the Company. The fair values of the consideration paid, as at the completion date of the acquisition, are details as below:

	RMB'000
Fair value of consideration:	
Cash paid	40,000
New ordinary shares issued (Note (a))	131,673
Convertible bonds issued (equivalent to RMB200,237,000 (Note 31))	252,857
	424,530

	RMB'000
equivalent to	336,185

Notes:

(a) 33,849,129 new ordinary shares of HK$0.01 each of the Company were issued and the fair value of these consideration shares amounted to HK$131,673,000 (equivalent to RMB104,272,000 based on the closing price of HK$3.89 each of the Company's shares at the date of completion of the acquisition.

(b) The fair value of the net identifiable assets of Fuchao at the completion date of the acquisition amount to approximately RMB336,185,000.

Further details are set out in the Company's announcement dated 27 November 2013.

41. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating lease in respect of office premises which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**7,428**	6,191
In the second to fifth year, inclusive	**5,949**	7,053
	13,377	13,244

The Group leases a number of properties under operating leases. The leases typically run for an initial period of three years. None of the leases includes contingent rentals.

42. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had following capital commitments:

	2015 RMB'000	2014 RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**–**	2,853

43. CONTINGENT LIABILITIES

(a) Related to football players transfers

Under the terms of certain contracts with selling football clubs and agents in respect of players transfers, contingent amount, in excess of the amounts included in the cost of players' registrations, would be payable by FCSM to the selling clubs and agents if certain specific performance conditions (subject to future events) are met. As at 31 December 2015, the contingent amounts in relation to purchase of football players was approximately RMB5,801,000.

(b) Related to the ranking of FCSM

Under the terms of the employment contracts with certain players and management staff of FCSM, if FCSM meets the specific ranking in French Ligue or entitles to participate certain competitions in French Ligue, there would be contingent amount or performance bonus to be payable by FCSM to these players and management staff of the football club. As at 31 December 2015, the contingent amount in relation to the ranking of FCSM was approximately RMB3,706,000.

44. MATERIAL RELATED PARTY TRANSACTIONS

(a) Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are non-trade nature, unsecured, interest-free and repayable on demand.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group represents amounts paid to the Company's directors disclosed in Note 10 and certain of highest paid employees as disclosed in Note 11.

45. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	2015 RMB'000	2014 RMB'000
Non-current assets		
Investments in subsidiaries	**616,329**	790,364
Current assets		
Other receivables and prepayments	**453**	–
Amounts due from subsidiaries	**221,486**	132,066
Cash at banks and in hand	**19,803**	6,726
	241,742	138,792
Current liabilities		
Other payables and accruals	**295**	289
Amount due to a subsidiary	**45**	47
Bonds payable	**–**	66,368
	340	66,704
Net current assets	**241,402**	72,088
NET ASSETS	**857,731**	862,452
EQUITY		
Equity attributable to owners of the Company		
Share capital	**14,267**	13,541
Reserves	**843,464**	848,911
TOTAL EQUITY	**857,731**	862,452

Approved and authorised for issue by the board of directors on 24 March 2016.

Li Wing Sang
Director

Chiu Chi Hong
Director

Group financial summary

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Results					
Continuing operations					
Turnover	**220,026**	144,327	167,210	303,629	411,981
Operating loss	**(280,647)**	(233,725)	(245,868)	(39,799)	(22,278)
Finance costs	**(1,397)**	(33,347)	(9,760)	(22,528)	(33,362)
Loss before income tax	**(282,044)**	(267,072)	(255,628)	(62,327)	(55,640)
Discontinued operation	**–**	–	(6,808)	(68,875)	–
Income tax	**43,819**	24,826	5,276	3,561	3,234
Loss for the year	**(238,225)**	(242,246)	(257,160)	(127,641)	(52,406)
Attributable to:					
Owners of the Company	**(192,208)**	(216,852)	(245,528)	(119,675)	(48,779)
Non-controlling interests	**(46,017)**	(25,394)	(11,632)	(7,966)	(3,627)
Loss per share		(Represented)			
From continuing operations and discontinued operation					
– Basic and diluted	**(2.99 cents)**	(3.69 cents)	(18.55 cents)	(11.33 cents)	(5.59 cents)
From continuing operations					
– Basic and diluted	**(2.99 cents)**	(3.69 cents)	(18.03 cents)	(4.81 cents)	(5.59 cents)
From discontinued operation					
– basic and diluted	**–**	–	(0.52 cents)	(6.52 cents)	–

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Assets and liabilities					
Non-current assets	**765,069**	983,896	819,661	1,271,617	1,416,296
Current assets	**445,700**	286,075	288,065	647,582	611,151
Current liabilities	**(124,043)**	(138,697)	(147,907)	(608,953)	(562,927)
Total assets less current liabilities	**1,086,726**	1,131,274	959,819	1,310,246	1,464,520
Non-current liabilities	**(81,014)**	(121,657)	(149,733)	(320,773)	(534,702)
Net assets	**1,005,712**	1,009,617	810,086	989,473	929,818
Capital and reserves					
Share capital	**14,267**	13,541	10,407	9,835	9,439
Reserves	**891,901**	850,489	628,702	733,533	666,283
Equity attributable to owners of the Company	**906,168**	864,030	639,109	743,368	675,722
Non-controlling interests	**99,544**	145,587	170,977	246,105	254,096
Total equity	**1,005,712**	1,009,617	810,086	989,473	929,818