



T h e m e

Theme International Holdings Limited

(Incorporated in Bermuda with limited liability) (Stock Code: 990)

Annual  
Report  
2015

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## Chairman's Statement

2015 is a year of breakthrough for Theme International Holdings Limited (“**Theme**” or the “**Company**”, and together with its subsidiaries, collectively referred as the “**Group**”). In 2015, Theme has entered into two new business segments, namely, the distribution and trading business and loan financing services business. Although the two new businesses are still in their startup stage and were breaking even and incurred a small loss for the year ended 31 December 2015 respectively, the management believes the continue development of these two new segments will provide Theme a good opportunity to turnaround in 2016.

During the year of 2015, the global economy continues to grow slowly and the economy of Taiwan as a whole was still lacking power to grow. As a result of slowdown in demand and fierce price competition, the revenue from the garment retailing segment decreased to approximately Hong Kong dollars (“**HK\$**”) 21.1 million for the year ended 31 December 2015 from approximately HK\$77.5 million for the year ended 31 December 2014. Subsequent to year end, in March 2016, in view of the disappointing performance of the Taiwan garment retailing business, Theme has resolved to cease the garment retailing business in the first quarter of 2016 after the remaining inventory was sold to prevent further loss.

Also in 2015, the Group has disposed its interest in environmental building materials in mainland China as the management considers the sector is still in its early stage of development and cannot provide the Group with fast financial return.

The Group has entered into loan financing services business by successfully applied its money lenders licence in 2015. The Company has entered into a placement agreement with Kingston Securities Limited to place 730,000,000 new shares of the Company under general mandate in February 2015 and the majority of the proceeds were applied to the loan financing services business. A total of HK\$65 million loans were successfully granted out in 2015 and the interest rate of the loans ranged between 10% to 15.6% per annum.

The loan financing services business provides Theme with a steady cashflow and positive return. The Group continuously evaluate the performance of the loans and to ensure the risk to the Group is minimal. We believe there is a huge potential in the money lending market in Hong Kong with bank mortgage are harder to obtain from banks and this provide a good opportunity for Theme to grow in this aspect.

Theme has commenced its distribution and trading business in May 2015 and we will further develop the trading arm in 2016 by tapping into iron ore trading. Subsequent to the period under review, the Company completed the subscription to issue and allot 877,000,000 new shares under the general mandate. The Company subsequently applied the net proceeds from the subscription to develop the iron ore trading business that the Group is tapping into in order to further diversify its business and improving the overall performance of the Group.

Most commodities show signs of bottoming in recent months and iron ore price has rebounded strongly from multi-year lows of \$37 a tonne recorded in December 2015 and has increased by more than 29% in 2016. Despite slowing growth in China, demand from China remains to be strong and a record high of 952 million tonnes of iron ore was imported to China in 2015. We believe there is a huge potential in iron ore trading via Hong Kong to China as China's iron ore import volume continue to increase and this provide a good opportunity for Theme to grow in this aspect.

## Chairman's Statement

In 2016, the Group will focus on our loan financing services segment and distribution and trading segment and hope the two businesses can improve the financial performance of the Group in 2016. The Group will try its best effort to achieve a financial growth for the Group to maximize shareholders' value.

I would like to take this opportunity to express my deepest gratitude to all the shareholders, my fellow directors, management team and staff to the Group for their support and contributions to the Group throughout the year.

**Wong Fung Chi**

*Chairman*

Hong Kong, 18 March 2016

# Management Discussion and Analysis

The Group is principally engaged in (i) retailing garments through the operation of retail outlets and department store counters in Taiwan; (ii) loan financing services in Hong Kong; and (iii) trading of chemical materials, commodities and organic food in Hong Kong.

## FINANCIAL REVIEW

Revenue, loss for the year and basic loss per share of the Group for the years ended 31 December 2015 and 2014 are summarised as follows:

	Revenue		Loss for the year		Basic loss per share	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015	2014
From operations	<b>55,044</b>	77,492	<b>(23,383)</b>	(22,253)	<b>HK(0.55) cents</b>	HK(0.61) cents

The Group recorded total revenue of approximately HK\$55,044,000 (2014: approximately HK\$77,492,000) for the year ended 31 December 2015 (the "Year") representing a decrease of approximately 28.9% over last corresponding year. Due to the highly competitive business environment in Taiwan's garment retailing business and the close down of loss making shops and counters in Taiwan, the Group recorded a decrease in garment retailing revenue of approximately HK\$56,403,000 in the Year as compared to last corresponding year. The decrease in revenue was partly offset by the increase in revenue generated from new business segments that commenced in the Year – loan financing services business and distribution and trading business, which contributed a revenue of approximately HK\$730,000 and approximately HK\$33,225,000 respectively.

Gross profit margin of the Group decreased to approximately 23% for the Year from approximately 56% in 2014. The new distribution and trading business provides a steady income stream to the Group but at a much lower gross profit ratio as compared to the high gross profit recorded in garment retailing segment, therefore, lowering the overall gross profit of the Group in the Year.

Loss for the year increased slightly from approximately HK\$22,253,000 for the year ended 31 December 2014 to approximately HK\$23,383,000 for the Year. The increase in loss for the year was due to the decrease in revenue and the drop in gross profit margin. However, as compared to the loss for the six months period in the first half of 2015 of approximately HK\$17,734,000, the Group has successfully reduced the loss in the second half of 2015 to approximately HK\$5,649,000. The improvement is mainly a result of the closure of the loss making shops and counters in Taiwan during the second half of the Year.

Basic loss per share decreased slightly to HK0.55 cents for the Year from HK0.61 cents for the year ended 31 December 2014.

# Management Discussion and Analysis

## BUSINESS REVIEW

Prior to 2015, the Group principally engaged only in retailing garments through the operation of retail outlets and department store counters in Taiwan through Taiwan Vision Company Limited (“**TVCL**”), a wholly-owned subsidiary of the Company.

The Group has recorded losses for the last five consecutive financial years. In view of the unsatisfactory performance of the Group and as part of the business plan as stated in the annual report of the Company for the year ended 31 December 2014, the Group has been exploring and evaluating new businesses and investment opportunities which could be of good potential and/or long-term benefits to the Group and the shareholders of the Company (“**Shareholders**”). After evaluating many different options available to the Group, in April and May 2015, the Group commenced its loan financing services business and distribution and trading business respectively.

The performance of the three segments of the Group are as follows:

### (i) Retailing of garments

The Group has recorded a segment loss from the garment retailing business of approximately HK\$12,319,000 for the Year, an increase of approximately 53% from approximately HK\$8,051,000 for the year ended 31 December 2014. The increase in segment loss from garment retailing is mainly due to the decrease in revenue, increased competition in Taiwan’s garment retailing business and increase of one-off closure expenses of the loss making shops and counters.

The segment has been recording losses in the last five consecutive financial years. For the two years ended 31 December 2013 and 2014, the Group recorded segment losses for the year from garment retailing segment of approximately HK\$7,484,000 and approximately HK\$8,051,000 respectively. In November 2015, taking into consideration of the current business performance of TVCL, the continuous increase in operating cost and the highly competitive environment in garments retail business in Taiwan, the board of the Company (the “**Board**”) after careful consideration resolved to gradually scale down the relevant garment business in Taiwan with a view to further evaluate the business strategy in Taiwan from time to time.

In March 2016, in view of the continuous need of capital and recurring losses in last five financial years, the Board has further resolved to cease the Taiwan garment retailing business after the remaining inventory was sold. The Board believes this is to the best interest to the Group and its Shareholders as to prevent incurring further loss from the garment retailing segment.

# Management Discussion and Analysis

## (ii) Loan financing services

As disclosed in the annual report of the Company for the year ended 31 December 2014, the Group initiated the application process for the money lenders licence and filed an application on 24 February 2015. The Licencing Court (as defined under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)) granted a money lenders licence to Asia Develop Limited, a wholly-owned subsidiary of the Company on 4 June 2015 for a period of 12 months.

During the Year, the Group granted out loans of an aggregate principal amount of HK\$65,000,000. The loans carries fixed interest rates from 10% to 15.6% per annum and provide a steady income stream to the Group. Loan interest income of approximately HK\$730,000 was recorded by the wholly-owned subsidiary of the Company, Asia Develop Limited, which engages in loan financing services and holds a Money Lenders Licence, during the Year. Details of the HK\$60,000,000 loan granted to Golden Empires Limited, the largest loan granted by the Group, is included in “Advance to an Entity” section below.

## (iii) Distribution and trading

The Group has also tapped into distribution and trading business since May 2015. The new distribution and trading business generated additional revenue of approximately HK\$33,225,000 during the Year and the segment has recorded a profit of approximately HK\$75,000 for the Year. The Company is planning to further develop into the distribution and trading business in 2016.

## FUTURE PROSPECTS

In view of the highly competitive business environment in retailing garments and with reference to the past poor financial performance of the Group, the Group has decided to cease its operations in garment retailing segment and to focus its resources in the loan financing services business and distribution and trading business in 2016.

## (i) Loan financing services

As at 31 December 2015, the Group has granted out a total of HK\$65,000,000 loan to customers, in which HK\$5,000,000 will be due in April 2016 and HK\$60,000,000 will be due in December 2016. The Group will seek to renew the existing contracts with the customers upon maturity. Meanwhile, the Group plans to utilise its existing resources to continue to develop its loan financing business and the Group will continue to carry out its loan review and further develop loan financing operation.

The Group's target customers are corporate customers in Hong Kong, with target loans denominated in Hong Kong dollars and are made for a period of one year in general but could be extended on mutual agreement, and carried interest at fixed rates ranging from 10% to 16% per annum. The loans are either secured by collaterals or backed by guarantee.

# Management Discussion and Analysis

## (ii) Distribution and trading

The Group has tapped into trading business since May 2015 and has recorded a trading volume of approximately HK\$33,225,000 during the Year. The Group is planning to further develop into the distribution and trading business by entering the iron ore market.

In December 2015, the Group entered into two iron ore purchase contracts with the total purchase amount of the contracts approximately US\$15.69 million, equivalent to approximately HK\$122.40 million, which payment was due and settled in January 2016. After year end, the Group has further entered into two sales contract with one of the largest iron ore trader in the People's Republic of China (the "PRC"), whose ultimate beneficial owners are independent third parties. The total sales amount of the contracts is approximately US\$15.76 million, equivalent to approximately HK\$122.90 million.

The Group has further concluded a few iron ore contracts in 2016 and the Group is in ongoing negotiation with the current supplier for the purchase of further iron ores. It is expected that further iron ore contracts may be entered into with that supplier or other major miners or international traders in the next twelve months.

The management of the Company considers this is a proper timing to enter into the commodity market as the prices of most of the actively traded commodities have been declining in past few years and the prices of these commodities have shown a strong rebound from the lowest trading prices in the last few months. The management considers that the downside risk of further commodity prices fall is relatively low under the current circumstances.

Notwithstanding the annual economic growth rate in the PRC has been gradually slowing down in recent years, it is expected that it will remain growing at a more steady pace, hence, the long term commodity demand from the PRC is expected to continue to rise and the management is of the view that the steady growth in commodity trading will bring a positive impact to the Group.

Seizing historic opportunities presented by the PRC's national economic initiatives and industrial transformation, such as "One Belt, One Road", the Group will continue its expansion in the distribution and trading segment in 2016 with a view to achieving the best interests of the Company and the Shareholders as a whole.

The Group will also continuously evaluate the performance of every single business unit of the Group and adjust its overall business strategy. The Board aims at further reducing the operating losses of every loss making business units in order to improve the overall financial performance of the Group.



# Management Discussion and Analysis

## SIGNIFICANT EVENTS

During the Year, the Group disposed of its entire indirect equity interest in Zhongshan City Hewan Stone Technology Limited\* (中山市合萬石材科技有限公司), an environmental building material company in the southern part of the PRC and its 50% indirect interest in Beijing Zhufeng Tiangong Jade Technology Development Limited\* (北京珠峰天宮玉石科技發展有限公司) to Mr. Wong Lik Ping, former chairman, former executive director and a shareholder of the Company at an aggregate consideration of HK\$6,850,000. The environmental building material company is relatively new in the market and considering the non-satisfactory financial performance in the past, the Group considers that it would be in the best interest of the Shareholders to prevent further losses. A gain on disposal of approximately HK\$351,000 was recorded during the Year. Details of the disposal are set out in the Company's announcement on 9 April 2015.

The Company entered into a non-legally binding Memorandum of Understanding (the "**MOU**") with Liberty International Industrial Limited ("**Liberty International**") on 22 April 2015 in relation to the possible acquisition by the Company in pharmaceutical business of Liberty International. As mentioned in the announcement of the Company dated 23 October 2015, as the Company and Liberty International did not conclude or enter into any definitive agreement before the expiry of the MOU on or before 22 October 2015, the MOU expired and ceased to be effective.

\* for identification purpose only

## FUND RAISING ACTIVITIES

In order to increase our capital to capture the business opportunities, the Company has recently completed February 2015 Placement and January 2016 Subscription (as defined below). The major part of the net proceeds from the two fund raising activities are used in developing the Group's loan financing services business and distribution and trading business respectively.

### February 2015 Placement

On 24 February 2015, the Company completed the placing of 730,000,000 new shares of the Company ("**Shares**") pursuant to the general mandate granted to the directors of the Company at the annual general meeting held on 16 May 2014 at a placing price of HK\$0.161 each ("**February 2015 Placement**"). The Company intended to apply a majority of the net proceeds from the placing to develop the loan financing services business that the Group is developing and fund the general working capital of the Group. Details of the February 2015 Placement are disclosed in the Company's announcements dated 6 and 24 February 2015 and in the "Use of Proceeds" section below.

# Management Discussion and Analysis

## June 2015 Placement

Reference is made to the announcements of the Company dated 28 August 2015, 12 October 2015 and 3 November 2015. Unless defined otherwise, capitalised terms used herein in connection with the transactions contemplated under the the Subscription Agreement shall have the same meanings as defined in the announcement of the Company dated 28 August 2015.

On 2 June 2015, the Company entered into the Subscription Agreement (as supplemented by the Supplemental Subscription Document) with Asia Pacific Resources Development Investment Limited (the “**Investor**”), pursuant to which the Investor has conditionally agreed to subscribe for and the Company has conditionally agreed to (1) allot and issue of 6,000,000,000 new Shares at the Subscription Price of HK\$0.1 per New Share; and (2) issue the Convertible Bonds in the aggregate principal amount of HK\$1,000,000,000, which entitle the holder(s) thereof to subscribe for up to 10,000,000,000 Conversion Shares at the Conversion Price of HK\$0.1 per Conversion Share (subject to adjustments) (“**June 2015 Placement**”). The estimated net proceeds of the June 2015 Placement is approximately HK\$1,574 million.

The Company was informed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) that the Company’s assets may consist substantially of cash upon completion of the Subscription Agreement (as supplemented by the Supplemental Subscription Document), and under Rule 14.82 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the Company may not be regarded as suitable for listing and trading in its securities may be suspended upon completion of the June 2015 Placement. After further negotiation between the Company and the Investor, the parties have mutually agreed that it would not be commercially practicable for the Subscription Agreement (as supplemented by the Supplemental Subscription Document) to proceed. As a result, on 3 November 2015 (after trading hours), the Company and the Investor have mutually agreed to enter into a deed of termination to terminate the Subscription Agreement (as supplemented by the Supplemental Subscription Document) and hence the Proposed Subscription did not proceed.

## January 2016 Subscription

On 15 January 2016, the Company entered into a subscription agreement with Hua Lang Limited to allot and issue 877,000,000 new Shares pursuant to the general mandate granted to the directors of the Company at the annual general meeting held on 17 April 2015 at a subscription price of HK\$0.14 each (“**January 2016 Subscription**”). The subscription agreement has been fulfilled and the completion of the January 2016 Subscription took place on 27 January 2016. The Company has applied the entire net proceeds from the subscription to further develop the distribution and trading business that the Group is developing. Details of the January 2016 Subscription are disclosed in the Company’s announcements dated 15 and 27 January 2016 and in the “Use of Proceeds” section below.

Depending on the performance of the distribution and trading business, market conditions, volume of customer’s orders and the management’s ability to secure further contracts, the Company will continue to review its funding needs. The Board may raise further fund if opportunities arise and it considers appropriate, and any further proceeds are expected to be used in the further development of the distribution and trading business.

# Management Discussion and Analysis

## CHARGES ON ASSETS

As at 31 December 2015, none of the Group's assets was charged or subject to any encumbrance.

## CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group conducts most of its distribution and trading business in US dollars. Foreign currency exposure to US dollars is minimal, as the Hong Kong dollar is pegged to the US dollar.

As at 31 December 2015, the Group's major assets and liabilities were denominated in the functional currencies of the respective group entities. The Group had no material exposure to foreign exchange fluctuation.

## LIQUIDITY AND FINANCIAL RESOURCES

Following February 2015 Placement, the Group has a strong financial position with net current assets of approximately HK\$80,638,000 (2014: net current liabilities of approximately HK\$13,615,000), and net assets of approximately HK\$81,409,000 (2014: net liabilities of approximately HK\$8,994,000) respectively at 31 December 2015. As at 31 December 2015, there was no bank borrowings outstanding (2014: nil).

As at 31 December 2014, there was an advance of unsecured nature in the amount of HK\$35,000,000 provided by a shareholder to the Company on an interest free basis and repayable on demand. The advance by a shareholder was fully settled in 2015 and the Group had no other borrowings as at 31 December 2015.

As at 31 December 2015, the current ratio (as defined as current assets divided by current liabilities) was 1.64 (2014: 0.76) and the gearing ratio (as defined as loans from a shareholder divided by net assets) was nil (2014: -3.89).

The Group has further completed the January 2016 Subscription after year end as detailed in "Fund raising activities" section above and in note 26 to the consolidated financial statements, which further enhanced the Group's financial position.

# Management Discussion and Analysis

## CAPITAL EXPENDITURE

The total capital expenditure of the Group for 2015 was approximately HK\$2.0 million for addition of furniture, fixtures and other equipment (2014: HK\$3.3 million for the addition of furniture, fixtures and other equipment).

As at 31 December 2015, the Group has no material capital expenditure commitments.

## HUMAN RESOURCES

As at 31 December 2015, the Group had 11 employees in Hong Kong and 7 employees in Taiwan. Other than the competitive remuneration package offered to the employees, share options may also be granted to the selected employees based on the Group's performance.

## ADVANCE TO AN ENTITY

Pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligations arises where an advance to an entity from the Group exceeds 8% of the total assets of the Group. Pursuant to Rule 13.13 of the Listing Rules, details of advance as defined under Rule 13.15 of the Listing Rules which remained outstanding as at 31 December 2015 was as follow:

### – Loan to Golden Empires Limited

On 6 November 2015, Asia Develop Limited, a wholly-owned subsidiary of the Company, as lender (the "**Lender**"), entered into the Loan Agreement (the "**Loan Agreement**") with Golden Empires Limited, as borrower (the "**Borrower**") and Putian City Jin Di Huang Trading Company Limited\* (莆田市金帝皇貿易有限公司) as mortgagor (the "**Mortgagor**"). Pursuant to the Loan Agreement, the Lender agreed to grant to the Borrower a loan of HK\$60 million for a term of 1 year from the date of the drawdown of the loan.

# Management Discussion and Analysis

The principal terms of the Loan Agreement are as follows:

Principal amount:	HK\$60 million
Interest rate:	10% per annum, to be paid monthly
Loan period:	1 year
Repayment:	The Borrower shall repay the interests on a monthly basis and the principal amount at the end of the loan period
Early repayment:	Subject to the Lender's written consent, the Borrower may, with at least three (3) business days' prior written notice to the Lender, make early repayment of the balance of the loan that remains outstanding together with all interests accrued thereon
Security:	The loan is secured by the share mortgage executed by the Mortgagor in favour of the Lender by way of a share pledge over 20% issued share capital of Putian Di Yuan Properties Development Company Limited* (莆田帝源房地產開發有限公司), a company incorporated in the PRC with limited liability.

According to the relevant size tests under the Listing Rules applicable to the Loan Agreement, the loan was a major transaction and shareholders' approval was obtained in the special general meeting held on 17 December 2015. Details of the loan are set out in the Company's announcement dated 6 November 2015 and circular dated 2 December 2015 respectively.

\* for identification purpose only

## USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the Year and subsequently after 31 December 2015:

## Management Discussion and Analysis

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b> <i>(approximately)</i>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
6 and 24 February 2015	Placing of new shares under a general mandate	HK\$114 million	<p>Intended to be used as to approximately:</p> <p>a. HK\$25 million to repay part of the shareholder's loan to the Company;</p> <p>b. HK\$15 million to repay a trade payable to a subsidiary's supplier;</p> <p>c. HK\$60 million to finance the money lending business of the Group; and</p> <p>d. any remaining proceeds for general working capital of the Group. <i>(Note 1)</i></p>	<p>a. approximately HK\$28 million was utilised in repayment of the shareholder's loan;</p> <p>b. approximately HK\$12 million was used to repay a trade payable to a subsidiary's supplier;</p> <p>c. approximately HK\$60 million was utilised for the money lending business;</p> <p>d. approximately HK\$13 million was utilised for the trading business of the Group; and</p> <p>e. remaining approximately HK\$1 million was utilised as the Group's working capital.</p>

# Management Discussion and Analysis

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b> <i>(approximately)</i>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
28 August 2015, 12 October 2015 and 3 November 2015	Proposed placing and subscription of new shares and convertible bonds under specific mandate	HK\$1,574 million	<ul style="list-style-type: none"> <li>a. HK\$345 million for money lending business;</li> <li>b. HK\$880 million for development and establishment of the internet banking platform;</li> <li>c. HK\$180 million for development of mobile payment terminals;</li> <li>d. HK\$100 million for building a mobile internet bank; and</li> <li>e. HK\$69 million for general working capital.</li> </ul>	Not applicable as the proposed placing and subscription was terminated on 3 November 2015.
15 and 27 January 2016	Subscription of new shares under a general mandate	HK\$122 million	Intended to be used for settlement of the payment for iron ore shipment contracts.	Proceeds utilised as intended.

*Note:*

1. The breakdown of the intended use of proceeds was set out in the completion of placing announcement of the Company dated 24 February 2015.

Save as disclosed above, the Company had not conducted any other equity fund raising activities in the year ended 31 December 2015 and the period immediately prior to the date of this Annual Report.

# Directors' Report

The Board presents their annual report together with the audited financial statements for the year ended 31 December 2015.

## Principal Activities and Business Review

The Group is principally engaged in (i) retailing garments through the operation of retail outlets and department store counters in Taiwan; (ii) loan financing services in Hong Kong; and (iii) trading of chemical materials, commodities and organic food in Hong Kong. Particulars of the principal activities of the Company's subsidiaries during the year are set out in note 25 to the consolidated financial statements. Further discussion and analysis of these activities is required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 4 to 14 of this Annual Report. This discussion forms part of this Directors' Report. An analysis of the Group's performance for the year by business segments is set out in note 6 to the consolidated financial statements.

## Financial Results

The results of the Group for the year ended 31 December 2015 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 36 to 75.

## Dividends

The board of directors does not recommend payment of a dividend for the year ended 31 December 2015 or proposed subsequent to the end of the reporting period.

## Share Capital

Details of movements in the share capital of the Company during the year are set out in note 20 to the consolidated financial statements.

## Reserves

As at 31 December 2015, in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), the Company did not have any reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended). Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity.

## Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.



# Directors' Report

## Property, Plant and Equipment

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

## Five Years Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 78. This summary does not form part of the audited financial statements.

## Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities in 2015.

## Directors

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

### Executive Directors:

Ms. Wong Fung Chi (Chairman) *(appointed on 22 May 2015)*

Mr. Wong Hok Bun, Mario *(appointed on 31 December 2015)*

Mr. Wong Lik Ping *(resigned on 6 January 2016)*

Mr. Liu Bing *(resigned on 1 January 2016)*

### Non-Executive Director:

Mr. Huang Bin *(resigned on 4 November 2015)*

### Independent Non-Executive Directors:

Mr. Chan Chi Ming, Tony *(appointed on 22 May 2015)*

Mr. Wu Shiming *(appointed on 22 May 2015)*

Mr. Chan Wah *(appointed on 4 November 2015)*

Mr. Chan Pat Lam *(resigned on 4 November 2015)*

Mr. Goh Choo Hwee *(resigned on 4 November 2015)*

Mr. Kee Wah Sze *(resigned on 31 May 2015)*

Mr. To Yan Ming Edmond *(resigned on 31 May 2015)*

# Directors' Report

In accordance with the Bye-law 86(2) of the Company's Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Shareholders in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company after his/ her appointment and shall then be eligible for re-election at that meeting. Therefore, each of Ms. Wong Fung Chi, Mr. Wong Hok Bun, Mario, Mr. Chan Chi Ming, Tony, Mr. Wu Shiming and Mr. Chan Wah will retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## Independence Confirmation

The Company has received from each of independent non-executive directors an annual confirmation of independence pursuant to the Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

## Directors' Emoluments

Particulars as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 11 to the consolidated financial statements.

## Biographical Details of Directors

Biographical details of the directors of the Company are set out on pages 23 to 24 of this Annual Report.

## Directors' Service Contracts

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

## Directors' Interests in Contracts

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

# Directors' Report

## Management Contracts

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

## Share Option Scheme

Under the share option scheme of the Company adopted on 29 December 2009 (“**Share Option Scheme**”), the Board of the Company may, at its discretion, grant options to eligible employees and directors of the Group to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

Details of the Share Option Schemes are set out in note 21 to the consolidated financial statements.

In 2015, no rights were granted to the directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

## Director's Rights To Acquire Securities

Save as disclosed in the section headed “Share Option Scheme”, at no time during the year was the Company or the Company's subsidiaries or holding company or a subsidiary of the Company's holding company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such rights.

## Update on Directors' Information Pursuant to Rule 13.51b(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in monthly salaries for the following independent non-executive directors of the Company under their respective service contracts are set out below:

<b>Name of director</b>	<b>Previous monthly salary</b>	<b>Monthly salary (with effect from 1 November 2015)</b>
Mr. Chan Chi Ming, Tony	HK\$5,000	HK\$10,000
Mr. Wu Shiming	HK\$5,000	HK\$10,000

*Note:* For information in relation to the 2015 full year emoluments of the directors of the Company, please refer to note 11 to the consolidated financial statements.

# Directors' Report

## Directors' and Chief Executives' Long and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2015, the long positions and short positions of the directors, chief executives of the Company and their associates 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 have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules and which have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, were as follows:

### (i) Long Position in Shares of the Company

Name of director	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Wong Lik Ping ( <i>Note 1</i> )	Beneficial Owner	6,750,000	0.15%
	Interests of a controlled corporation	1,069,112,096	24.38%
Ms. Wong Fung Chi ( <i>Note 2</i> )	Interests of spouse	1,860,000	0.04%

*Notes:*

1. Mr. Wong Lik Ping, an executive director of the Company (resigned on 6 January 2016), has a direct interest in 6,750,000 shares of the Company. In addition, Mr. Wong holds the entire share capital of Golden Bright Energy Limited, which in turn holds 1,069,112,096 shares.
2. Ms. Wong Fung Chi's spouse, Mr. Cheng Choi Tak, has interest in 1,860,000 shares of the Company. Accordingly, she is deemed to be interested in 1,860,000 shares which Mr. Cheng Choi Tak is interested in pursuant to the SFO.

### (ii) Options to subscribe for ordinary shares (HK\$0.0025 each) of the Company:

The directors have been granted unlisted options under the Company's share option scheme, details of which are set out in note 21 to the consolidated financial statements.

Save as disclosed above, as at 31 December 2015, neither the directors, chief executives of the Company nor their associates had or was deemed to have any long positions or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

# Directors' Report

## Substantial Shareholder

Save as disclosed in the section "Directors' and Chief Executives' Long and Short Positions in Shares, Underlying Shares and Debentures", as at 31 December 2015, no person had an interest in the shares or short position and underlying shares of the Company which fall to be disclosed to the Company pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register kept by the Company pursuant to Section 336 of SFO.

## Retirement Benefits Schemes

The Group provides the mandatory provident fund scheme for Hong Kong employees and retirement benefits schemes operated by the Taiwan government for Taiwan employees.

## Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the group's total	
	Sales	Purchases
The largest customer	49.3%	
Five largest customers in aggregate	61.7%	
The largest supplier		78.1%
Five largest suppliers in aggregate		99.5%

At no time during the year have the directors, their associates or any shareholder of the company (which to the knowledge of the directors owns more than 5% of the number of issued shares of the company) had any interest in these major customers and suppliers.

## Related Party Transactions

During the year ended 31 December 2015, the Group disposed of its entire indirect equity interest in Zhongshan City Hewan Stone Technology Limited\* (中山市合萬石材科技有限公司), an environmental building material company in the southern part of the PRC and its 50% indirect interest in Beijing Zhufeng Tiangong Jade Technology Development Limited\* (北京珠峰天宮玉石科技發展有限公司) to Mr. Wong Lik Ping, former chairman, former executive director and a shareholder of the Company at an aggregate consideration of HK\$6,850,000. The related party transaction entered into by the Group during the year ended 31 December 2015 is disclosed in "Significant Events" under "Management Discussion and Analysis" section of this Annual Report.

\* for identification purpose only

# Directors' Report

Save as disclosed above, the Group has not entered into any other significant related party transactions during the year ended 31 December 2015.

## Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the best knowledge of the directors, the Company has maintained sufficient public float as required under the Listing Rules throughout the year ended 31 December 2015.

## Corporate Governance

Save and except for code provisions A.2.1, A.4.2, A.6.7 and E.1.2, the Company has complied with all the code provisions and to certain extent of the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 (the “CG Code”) of the Listing Rules throughout the accounting year ended 31 December 2015. Details of the Company’s corporate governance report are set out on pages 25 to 33.

## 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.

## Annual General Meeting

It is proposed that the annual general meeting of the Company to be held on 9 May 2016. Notice of the annual general meeting will be published and dispatched to the shareholders together with this report.

## Closure of Register of Member

The register of members of the Company will be closed from 5 May 2016 to 9 May 2016 (both days inclusive), during such period which no transfer of Shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with Company’s branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 4 May 2016.

# Directors' Report

## Auditor

Following the resignation of Deloitte Touche Tohmatsu ("**Deloitte**") as auditor of the Company on 26 November 2015, ZHONGHUI ANDA CPA Limited ("**ZHONGHUI ANDA**") was appointed as the auditor of the Company at the special general meeting of the Company held on 17 December 2015 to fill in the vacancy following the resignation of Deloitte. The Board confirmed that there was no disagreement between Deloitte and the Company.

Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

The consolidated financial statements of the Company for the year ended 31 December 2015 were audited by ZHONGHUI ANDA whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of ZHONGHUI ANDA as the auditor of the Company is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Wong Fung Chi**

*Chairman*

Hong Kong, 18 March 2016

# Biographical Details of Directors

## Executive Directors

**Ms. Wong Fung Chi**, aged 53, was appointed as an executive director of the Company on 22 May 2015 and was appointed as Chairman of the Company on 6 January 2016. Ms. Wong Fung Chi is the Managing Director and Vice Chairman of Chongqing JiaDuoLi (Hong Kong) Real Estate Development Company Limited\* (重慶嘉多利(香港)房地產開發有限公司) since June 1994, and has experience in banking consulting, international trading and property development in Hong Kong and the PRC. She was awarded PRC Hundred Person List of the Industry Award\* (中國百名行業風雲人物獎) in 2005.

**Mr. Wong Hok Bun Mario**, aged 36, was appointed as company secretary of the Company on 14 July 2015 and as an executive director and Chief Financial Officer of the Company on 31 December 2015. Mr. Wong Hok Bun Mario holds a Bachelor of Economics and Finance from The University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA). Mr. Wong Hok Bun Mario is a CFA charterholder and a member of The Australasian Institute of Mining and Metallurgy (MAusIMM). He has over 13 years of experience in auditing, accounting, financial management and corporate finance.

## Independent Non-executive Directors

**Mr. Chan Chi Ming, Tony**, aged 48, was appointed as independent non-executive director of the Company on 22 May 2015 and is currently the Chairman of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chan Chi Ming Tony graduated from Australian National University, with a Bachelor Degree in Commerce (Major in Accounting). Mr. Chan Chi Ming, Tony is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia and has over 18 years' experience in the field of business advisory, accounting and auditing. Mr. Chan Chi Ming, Tony was formerly a senior manager of an international accounting firm and is currently the company secretary and authorised representative of Good Resources Holdings Limited (previously Good Fellow Resources Holdings Limited, stock code: 109), whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

**Mr. Wu Shiming**, aged 40, was appointed as independent non-executive director of the Company on 22 May 2015 and is currently a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Wu Shiming is the executive director of Leyou Technologies Holdings Limited (stock code: 1089), whose shares are listed on the main board of the Stock Exchange. Mr. Wu Shiming is also the independent non-executive director of China Putian Food Holding Limited (stock code: 1699), Yueshou Environmental Holdings Limited (stock code: 1191) and Pak Tak International Limited (stock code: 2668), whose shares are listed on the main board of the Stock Exchange.



## Biographical Details of Directors

### Independent Non-executive Directors (continued)

Mr. Wu Shiming has over 18 years of experiences in accounting and financial management. He is a qualified intermediate accountant and he obtained such qualification after he has passed the national examination jointly organised by the Ministry of Finance and the Ministry of Personnel of the PRC. Mr. Wu Shiming graduated from a course in foreign economic enterprise financial accounting at Jimei University in 1995.

**Mr. Chan Wah**, aged 54, was appointed as independent non-executive director of the Company on 4 November 2015 and is currently a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chan Wah graduated from Fuqing Branch of Fujian Normal University. Mr. Chan Wah has over 30 years' experience in the field of journalism, media and cultural sector and has published a number of articles in newspaper and magazines. Mr. Chan Wah is currently the assistant to Chairman of Good Fellow Group Limited. Mr. Chan Wah has participated in a number of community associations, including Hong Kong Federation of Fujian Associations Limited\* (香港福建社團聯會) (director), Hong Kong Changle Association (香港長樂聯誼會) (vice president), Hong Kong Association of Literature Advancement\* (香港文學促進協會) (deputy director) and Hong Kong Books Review Association\* (香港書評家協會) (executive director), etc.

\* for identification purpose only

# Corporate Governance Report

## (a) Corporate Governance Practices

The Company is committed to maintain a high standard of corporate governance, holding the beliefs of transparency, independence, honesty and accountability, with a view to enhance investors' confidence. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Save and except for code provisions A.2.1, A.4.2, A.6.7 and E.1.2 (details of which are set out below), the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 (the "**CG Code**") of the Listing Rules throughout the year ended 31 December 2015.

Under code provision A.2.1 of the CG Code, the role of chairman and chief executive officer ("**CEO**") should be separated and should not be performed by the same individual. Since the resignation of CEO of the Company in 2013, the role of chief executive officer has been vacant and temporarily acted by the Chairman to fill the casual vacancy of the position of CEO. Given the current corporate structure, the role of CEO is temporarily acted by the Chairman as the Board has not identified a suitable candidate to be appointed as CEO. However, before any suitable candidate has been appointed as the CEO, the Board considers that it is appropriate and in the best interests of the Company to maintain the current arrangement as all major decisions are made in consultation with the Board members and the senior management of the Company.

The Board believes that Ms. Wong Fung Chi is able to maintain the continuity of the Company's policies and the stability of the Company's operations. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected. The Board would segregate the roles of the Chairman and CEO when a suitable candidate is appointed as the CEO.

Under Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Ms. Wong Fung Chi, executive director, Mr. Chan Chi Ming, Tony, Mr. Wu Shiming and Mr. Chan Wah, independent non-executive directors, were appointed to fill the casual vacancies in May and November 2015 respectively and should retire and be re-elected at the general meeting of the Company held on 17 December 2015. However, they will retire and be available for re-election at the forthcoming annual general meeting of the Company pursuant to the Articles of Association.

Under Code Provision A.6.7 of the CG Code, the independent non-executive directors and non-executive directors should attend general meetings of the Company. Mr. Kee Wah Sze (former independent non-executive director resigned on 31 May 2015), Mr. Goh Choo Hwee (former independent non-executive director resigned on 4 November 2015), Mr. To Yan Ming Edmond (former independent non-executive director resigned on 31 May 2015) and Mr. Huang Bin (former non-executive director resigned on 4 November 2015) were absent from the annual general meeting held on 17 April 2015 ("**2015 AGM**") due to their other business commitments.

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. Mr. Wong Lik Ping, the then Chairman of the Board and executive director of the Company, was unable to attend the 2015 AGM due to his other business commitments.

# Corporate Governance Report

## (b) Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

## (c) Board Composition and Board Practices

The composition of the Board is shown on page 76 of this report. The Board currently comprises five directors, including two executive directors and three independent non-executive directors. One of the three independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise. The primary responsibilities of the Board are to establish long term strategies, administrate and oversee the operations and financial policies and supervising management of the Group. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. The Company has received, from each of the independent non-executive directors, confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

All directors (including non-executive directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-Laws and the CG Code. In accordance with the Company's Bye-Laws, newly appointed director(s) is/are required to retire and can offer themselves for reelection at the first general meeting following their appointment.

Details of backgrounds and qualifications of the directors are set out in the section of “Biographical Details of Directors”.

In 2015, the Board held 20 meetings to discuss the Group's overall strategy, operation and financial performance. In any event, all directors were available for consultation by management from time to time during the year. The attendance of individual director to the Board meeting is set out on page 27 of this report. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company provides at least 14 days' notices of every Board meeting to all directors to give them an opportunity to attend. Board papers are circulated not less than 3 days before the Board meetings to enable the directors to make informed decisions on matters to be raised at the Board meetings.

# Corporate Governance Report

## (c) Board Composition and Board Practices (continued)

During the financial year, the Company Secretary attended all the regular Board meetings to advise on corporate governance and statutory compliance when necessary. Directors had full access to information on the Group and were able to seek independent professional advice whenever deemed necessary by the directors. The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings. All directors have access to the advice and services of the Company Secretary with a view to ensure that Board procedures, and all applicable rules and regulations, are followed.

The Board, Audit Committee, Remuneration Committee and Nomination Committee had held 20, 4, 4 and 4 meetings respectively in 2015.

The attendance at the Board and respective Board Committees Meetings, Annual General Meeting and Special General Meeting held in 2015 are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Special General Meeting
<i>Executive Directors</i>						
Ms. Wong Fung Chi	13/13	N/A	N/A	N/A	N/A	1/1
Mr. Wong Lik Ping	3/20	N/A	N/A	N/A	0/1	0/1
Mr. Liu Bing	16/20	N/A	N/A	3/4	1/1	0/1
<i>Non-Executive Director:</i>						
Mr. Huang Bin	2/15	N/A	N/A	N/A	0/1	N/A
<i>Independent Non-Executive Directors:</i>						
Mr. Chan Chi Ming, Tony	13/13	3/3	2/2	2/2	N/A	1/1
Mr. Wu Shiming	13/13	3/3	2/2	2/2	N/A	1/1
Mr. Chan Wah	5/5	2/2	1/1	1/1	N/A	1/1
Mr. Chan Pat Lam	10/15	1/2	2/3	2/3	1/1	N/A
Mr. Goh Choo Hwee	7/15	1/2	1/3	1/3	0/1	N/A
Mr. Kee Wah Sze	7/8	1/1	2/2	2/2	0/1	N/A
Mr. To Yan Ming Edmond	8/8	1/1	2/2	2/2	0/1	N/A

# Corporate Governance Report

## (d) Continuous Professional Development

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh their knowledge and skills, the Company has regularly provided training information, encouraged and funded suitable trainings/seminars for the Directors to participate in continuous professional development. The Company also updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements from time to time to enhance their awareness of good corporate governance practices and to ensure compliance.

During the Year, all Directors have participated in continuous professional development by attending training courses and/or referring materials on the topics related to the Group's business, corporate governance and regulations:

Name of Director	Reading regulatory update	Attending expert briefings/seminars/ conferences relevant to the business or directors' duties
<b>Executive Directors:</b>		
Ms. Wong Fung Chi (appointed on 22 May 2015)	✓	✓
Mr. Wong Hok Bun Mario (appointed on 31 December 2015)	✓	✓
Mr. Liu Bing (resigned on 1 January 2016)	✓	✓
Mr. Wong Lik Ping (resigned on 6 January 2016)	✓	✓
<b>Non-executive Director:</b>		
Mr. Huang Bin (resigned on 4 November 2015)	✓	✓
<b>Independent Non-executive Directors:</b>		
Mr. Chan Chi Ming, Tony (appointed on 22 May 2015)	✓	✓
Mr. Wu Shiming (appointed on 22 May 2015)	✓	✓
Mr. Chan Wah (appointed on 4 November 2015)	✓	✓
Mr. Chan Pat Lam (resigned on 4 November 2015)	✓	✓
Mr. Goh Choo Hwee (resigned on 4 November 2015)	✓	✓
Mr. Kee Wah Sze (resigned on 31 May 2015)	✓	✓
Mr. To Yan Ming Edmond (resigned on 31 May 2015)	✓	✓

# Corporate Governance Report

## **(e) Company Secretary**

The Company Secretary is responsible for facilitating the exchange of information flows and communicating among Directors as well as between Shareholders and management of the Company. All Directors have access to the advice and assistance of the Company Secretary. The Company Secretary is also responsible for ensuring that Board procedures are followed. The Company Secretary's biography is set out in the Biographical Details of Directors section of this Annual Report. The Company Secretary is an employee of the Company and is appointed by the Board. During the Year, the Company Secretary has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

## **(f) Chairman and Chief Executive Officer**

Under code provision A.2.1, the role of chairman and chief executive should be separated and should not be performed by the same individual. The Board acknowledges that the principle of the code provision A.2.1 is to clearly separate the management of the Board from the daily management of the Company so as to ensure balance of power and authority. Since the resignation of a CEO in 2013, the Company has no officer with the title of CEO and the role is temporarily acted by the Chairman until a new candidate is appointed as CEO of the Company. Although this is a deviation from the Code Provision on A.2.1, the Board considers that this arrangement is appropriate and in the best interests of the Company at the present stage for Mr. Wong Fung Chi to hold both positions as it helps to maintain the continuity of the Company's policies and the stability of the Company's operations. As the Board meets regularly to consider matters relating to business operations of the Company, the Board is of the view that such arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected.

## **(g) Non-executive Directors**

Under code provision A.4.1 of the CG Code, non-executive director should be appointed for a specific term, subject to re-election. The Company has entered into service contracts with non-executive directors of the Company for a term of one year on the date of appointment. Their directorships of which are all subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

# Corporate Governance Report

## (h) Remuneration Committee

The Company established a remuneration committee (“**Remuneration Committee**”) in 2005 with written terms of reference in accordance with the relevant requirements of the CG Code. The composition of the Remuneration Committee is shown on page 76 of this report. The Remuneration Committee currently comprises three independent non-executive directors, namely, Mr. Chan Chi Ming, Tony (Chairman of the Remuneration Committee), Mr. Wu Shiming and Mr. Chan Wah. The members’ attendance to the Remuneration Committee meeting is listed out on page 27. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive and non-executive directors, including benefits in kind, pension rights and compensation payments (such as compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board on the remuneration package of the Directors and senior management. The Remuneration Committee should consider factors such as the salaries index, time commitment and responsibilities of the directors.

Details of the directors’ remuneration are set out in note 11 to the consolidated financial statements.

## (i) Nomination Committee

The Company established a nomination committee (“**Nomination Committee**”) in 2013 with written terms of reference in compliance with the CG Code. The Nomination Committee currently comprises of three independent non-executive directors, namely Mr. Chan Chi Ming, Tony (Chairman of the Nomination Committee), Mr. Wu Shiming and Mr. Chan Wah.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board, make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identify individuals suitably qualified to become Board members, and assess the independence of independent non-executive directors and make recommendations to the Board on the selection of individuals nominated for directorships and succession planning for directors, in particular the chairman and the chief executive.

The Nomination Committee has adopted a board diversity policy (the “**Policy**”) setting out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to race, gender, age, cultural and educational background, professional experience, skills and knowledge. The Nomination Committee will review the Policy, as appropriate, to ensure its continued effectiveness.

# Corporate Governance Report

## (j) Audit Committee

The Company has an audit committee (“**Audit Committee**”) which was established in accordance with the requirements of the CG Code for the purposes of reviewing and supervising the Group’s financial reporting process and internal controls. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The primary roles and functions of the Audit Committee are to review and monitor integrity of the financial reporting process and internal controls systems of the Group. The Audit Committee is also responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions would lead to any potential material adverse effect on the Company. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Chan Chi Ming, Tony (Chairman of the Audit Committee), Mr. Wu Shiming and Mr. Chan Wah. The members’ attendance to the Audit Committee meeting is listed out on page 27. During the year ended 31 December 2015, the Audit Committee held four meetings to review the annual and interim results, to evaluate the Group’s financial reporting process and to make recommendations to improve the Company’s internal control system. Draft minutes were circulated to members of the Audit Committee within a reasonable time after each meeting. No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he ceases to be a partner of the auditing firm.

## (k) Auditors’ Remuneration

The Company’s external auditor is ZHONGHUI ANDA CPA Limited. For the year ended 31 December 2015, the Auditors of the Company and subsidiaries received approximately HK\$500,000 for audit service and HK\$50,000 for non-audit services.

## (l) Internal Control

Under Code Provision C.2.1 of the CG Code, the Board has overall responsibilities for maintaining sound and effective internal control system of the Group to safeguard shareholders’ investments and the Group’s assets, as well as for reviewing the system of internal control of the Group. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group’s objectives.

During the Year, the Board reviewed and ensured the internal control process had been properly carried out and adequacy of resources, qualifications and experience of staff of the Group’s accounting and financial reporting were maintained properly in accordance with Code Provision C.2.1 of the CG Code. The Board satisfies that, given the size and activities of the Company, adequate internal control systems have been established and considers continuing reviews of internal controls will be undertaken to ensure its adequacy and effectiveness.



# Corporate Governance Report

The key elements of the Group's internal control system include the following:

- the organizational structure is clearly defined with distinct lines of authority and control responsibilities;
- a comprehensive financial accounting system has been established to provide for performance measurement indicators and to ensure compliance with relevant rules;
- the senior management shall prepare annual plans on financial reporting, operations and compliance aspects by reference to potential significant risks;
- unauthorized expenditures and release of confidential information are strictly prohibited;
- specific approval by executive director prior to commitment is required for all material matters; and
- the management shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

## (m) Communication with Shareholders

At the 2015 AGM, a separate resolution was proposed by the Chairman of that meeting in respect of each separate issue, including the re-election of directors. The Chairman of the Board, and chairmen of the Audit, Remuneration and Nomination Committees, or in absence of the chairman of such committees, any member from the respective committees, attended the 2015 AGM to address shareholders' queries. The Company establishes different communication channels with shareholders and investors: (i) shareholders can receive printed copies of corporate information, (ii) the general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) the Company's website offers communication channel between the Company and its shareholders and investors; and (iv) the Company's Sub-Registrar and Transfer Agent in Hong Kong serve the shareholders respecting all share registration matters.

The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

To promote effective communication, the Company maintains a website at <http://www.990.com.hk>, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

# Corporate Governance Report

## **(n) Shareholders' Rights**

Pursuant to the bye-law 58 of the Bye-laws of the Company, members holding at the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all time have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981.

The shareholders who intend to make enquiries of or obtain information shall give prior written notice to the Company, and the Company shall provide such information as soon as possible. Enquiries with the Board of Directors or the Company may be posted to the principal place of business in Hong Kong of the Company, the address of which is Suite 3604, 36/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, with telephone number: (852) 3565 5988, being available at normal business hours.

(1) Any number of shareholder(s) representing not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the meeting to which requisition relates; or (2) not less than 100 shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981.

## **(o) Constitutional Documents**

A printed copy of the memorandum and articles of association of the Company has been published on the websites of the Company and the Stock Exchange. There has been no changes in the Company's constitutional documents during the year ended 31 December 2015.

## **(p) Directors' Responsibility for the Financial Statements**

The directors of the Company acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The directors of the Company also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 34 and 35 of this Annual Report.

# Independent Auditor's Report



## **TO THE SHAREHOLDERS OF THEME INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Theme International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 36 to 75, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 (the “Directors”) are responsible for the preparation of the 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 (the “HKICPA”) 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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.

# Independent Auditor's Report

## **TO THE SHAREHOLDERS OF THEME INTERNATIONAL HOLDINGS LIMITED (continued)**

*(Incorporated in Bermuda with limited liability)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

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

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

### **Pang Hon Chung**

Practising Certificate Number P05988

Hong Kong, 18 March 2016

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	6	<b>55,044</b>	77,492
Cost of sales		<b>(42,418)</b>	(34,296)
<b>Gross profit</b>		<b>12,626</b>	43,196
Other income, gain and loss	7	<b>(473)</b>	(151)
Selling and distribution expenses		<b>(17,665)</b>	(44,040)
Administrative expenses		<b>(18,215)</b>	(21,258)
<b>Loss from operations</b>		<b>(23,727)</b>	(22,253)
Gain on disposal of subsidiaries	8	<b>444</b>	–
Loss on disposal of a joint venture		<b>(93)</b>	–
<b>Loss before taxation</b>		<b>(23,376)</b>	(22,253)
Income tax	9	<b>(7)</b>	–
<b>Loss for the year attributable to owners of the Company</b>	10	<b>(23,383)</b>	(22,253)
<b>Other comprehensive income/(loss):</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit retirement plans		–	71
<i>Item that has been reclassified to profit or loss:</i>			
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		<b>115</b>	–
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(801)</b>	795
		<b>(686)</b>	866
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<b>(24,069)</b>	(21,387)
<b>Loss per share</b>			
– Basic and diluted (HK cents per share)	13	<b>(0.55)</b>	(0.61)

# Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	771	4,621
<b>Current assets</b>			
Inventories	15	122,083	9,434
Loans to customers	16	65,000	–
Trade and interest receivables	17	6,381	3,205
Prepayments, deposits and other receivables		1,173	5,170
Cash and bank balances		12,272	25,221
		<b>206,909</b>	43,030
<b>Current liabilities</b>			
Trade payables	18	125,042	17,377
Accruals and other payables		1,222	4,261
Dividend payable		–	7
Current tax liabilities		7	–
Loans from a shareholder	19	–	35,000
		<b>126,271</b>	56,645
<b>Net current assets/(liabilities)</b>		<b>80,638</b>	(13,615)
<b>NET ASSETS/(LIABILITIES)</b>		<b>81,409</b>	(8,994)
<b>Capital and reserves</b>			
Share capital	20	10,965	9,140
Reserves		70,444	(18,134)
<b>TOTAL EQUITY</b>		<b>81,409</b>	(8,994)

The consolidated financial statements on pages 36 to 75 were approved and authorised for issue by the board of directors on 18 March 2016 and are signed on its behalf by:

**Wong Fung Chi**  
Director

**Wong Hok Bun, Mario**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK\$'000	Share premium account HK\$'000	Share- based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2014	9,140	69,825	99,297	(5,311)	(160,558)	12,393
Total comprehensive loss for the year	-	-	-	795	(22,182)	(21,387)
Lapse of share options	-	-	(16,136)	-	16,136	-
At 31 December 2014 and 1 January 2015	<b>9,140</b>	<b>69,825</b>	<b>83,161</b>	<b>(4,516)</b>	<b>(166,604)</b>	<b>(8,994)</b>
Total comprehensive loss for the year	-	-	-	(686)	(23,383)	(24,069)
Issue of shares	<b>1,825</b>	<b>112,647</b>	-	-	-	<b>114,472</b>
Lapse of share options	-	-	(4,965)	-	4,965	-
At 31 December 2015	<b>10,965</b>	<b>182,472</b>	<b>78,196</b>	<b>(5,202)</b>	<b>(185,022)</b>	<b>81,409</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before taxation:		(23,376)	(22,253)
Adjustments for:			
Net reversal of allowance for obsolete inventories		(1,724)	(729)
Interest income		(17)	(17)
Reversal of dividend payable		(7)	–
Depreciation of property, plant and equipment		1,415	2,582
Loss on disposal of property, plant and equipment		1,858	101
Gain on disposal of subsidiaries		(444)	–
Loss on disposal of a joint venture		93	–
Operating cash flows before working capital changes		(22,202)	(20,316)
Change in inventories		(111,473)	690
Change in trade receivables		(2,870)	4,602
Change in loans to customers		(65,000)	–
Change in interest receivables		(340)	–
Change in prepayments, deposits and other receivables		3,953	(334)
Change in trade payables		107,878	(1,203)
Change in accruals and other payables		(2,762)	(19,270)
Cash used in operations		(92,816)	(35,831)
Overseas tax paid		–	(26)
Interest received		17	17
<b>Net cash used in operating activities</b>		<b>(92,799)</b>	<b>(35,840)</b>
<b>Cash flows from investing activities</b>			
Payment to a joint venture		(103)	–
Purchase of property, plant and equipment		(1,988)	(3,275)
Proceeds from disposal of property, plant and equipment		329	–
Proceeds from disposal of subsidiaries	8	3,067	–
Proceeds from disposal of a joint venture		10	–
<b>Net cash generated from/(used in) investing activities</b>		<b>1,315</b>	<b>(3,275)</b>
<b>Cash flows from financing activities</b>			
Loans from a shareholder		–	35,000
Repayment of loans from a shareholder		(35,000)	–
Net proceeds from issue of shares		114,472	–
<b>Net cash generated from financing activities</b>		<b>79,472</b>	<b>35,000</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(12,012)</b>	<b>(4,115)</b>
Effect of changes in foreign exchange rates		(937)	(376)
Cash and cash equivalents at beginning of year		25,221	29,712
<b>Cash and cash equivalents at end of year</b>		<b>12,272</b>	<b>25,221</b>
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances		12,272	25,221



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 1. General Information

Theme International Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The address of its registered office is Claredon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business was 12th Floor, Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong. Subsequent to end of the reporting period, on 18 March 2016, the principal place of business has been changed to Suite 3604, 36/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of the Company’s subsidiaries are set out in note 25 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the “**Group**”.

## 2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

## 3. Significant Accounting Policies

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company (the “**Director(s)**”) to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements, are further disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of subsidiaries that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Foreign currency translation

#### (a) Functional and presentation currency

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Foreign currency translation (continued)

#### (b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

#### (c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated profit or loss as part of the gain or loss on disposal.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and equipment	15%
Furniture and fixtures at:	
Shops	over the lease term
Sales counters and offices	20%
Office equipment	20%
Motor vehicles	20%

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

### Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of the revenue can be measured reliably.

Revenue comprises the fair value of the consideration for the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts allowed and after eliminating sales within the Group. Revenue is recognised as follows:

- (a) Revenue from the sale of garments and goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the garments and goods are delivered to customers and title has passed to the customers.
- (b) Interest income is recognised on a time-proportion basis using the effective interest method.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Employee benefits

#### (a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

#### (c) Termination benefits

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

### Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and business associates.

Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Related parties

A related party is a person or entity that is related to the Group.

- (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 Company or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also 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 parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### 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 purpose of allocating resources to and assessing the performance of the Group's various lines of business in different 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.

### Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of 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 the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 3. Significant Accounting Policies (continued)

### Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

### Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

## 4. Key Sources of Estimation Uncertainty

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

### Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 4. Key Sources of Estimation Uncertainty (continued)

### Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write back in the period in which such estimate has been changed

## 5. Financial Risk Management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### (b) Credit risk

The carrying amount of the cash and bank balances, trade, interest and other receivables and loans to customers included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each debtor. At 31 December 2015, the Group has certain concentration of credit risk of approximately HK\$65,000,000 (2014: nil) of the total loans to customers which was arising from the Group's largest two debtors respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 5. Financial Risk Management (continued)

### (b) Credit risk (continued)

The Group has policies in place to ensure that sales on credit terms and loans are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that no provision for uncollectible receivables is required.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

### (c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms.

### (d) Interest rate risk

The Group's loans receivables of approximately HK\$65,000,000 (2014: nil) bear interests at fixed rates and therefore are subject to fair value interest rate risks.

As the Group has no other significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in marked interest rate.

### (e) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 6. Revenue and Segment Information

### (a) Revenue

An analysis of the Group's revenue for the year is as follows:

	2015 HK\$'000	2014 HK\$'000
Interest income from loans to customers	730	–
Sales from trading of goods	33,225	–
Retailing of garments	21,089	77,492
	<b>55,044</b>	77,492

### (b) Segment information

The Group determines its operating segments and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and making strategic decision.

During the year ended 31 December 2015, the Group's reportable and operating segments are as follows:

- (i) Loan financing services – provision of funds and financial services to third parties in Hong Kong;
- (ii) Distribution and trading – trading of chemical materials, commodities and organic food in Hong Kong;  
and
- (iii) Retailing of garments – operation of retail outlets and department store counters in Taiwan.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 6. Revenue and Segment Information (continued)

### (b) Segment information (continued)

#### Segment information and results:

The following is an analysis of the Group's revenue and results by reportable segment:

#### Year ended 31 December 2015

	Loan financing services HK\$'000	Distribution and trading HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
<b>Revenue</b>				
Loan financing services	730	-	-	730
Distribution and trading	-	33,225	-	33,225
Retailing of garments	-	-	21,089	21,089
Total segment revenue	730	33,225	21,089	55,044
Segment (loss)/profit	(3,620)	75	(12,319)	(15,864)
Unallocated other income, gain and loss				1,455
Gain on disposal of subsidiaries				444
Loss on disposal of a joint venture				(93)
Corporate expenses				(9,318)
Loss before taxation				(23,376)

#### Year ended 31 December 2014

	Retailing of garments HK\$'000	Total HK\$'000
<b>Total segment revenue</b>		
Retailing of garments	77,492	77,492
Segment loss		(8,051)
Unallocated other income, gain and loss		(197)
Corporate expenses		(14,005)
Loss before taxation		(22,253)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 6. Revenue and Segment Information (continued)

### (b) Segment information (continued)

#### Segment information and results: (continued)

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, certain other gains and losses and taxation. This is the measure reporting to the executive directors for the purposes of resource allocation and making strategic decision.

#### Segment assets and liabilities:

The following is an analysis of the Group's assets and liabilities by reportable segment:

#### As at 31 December 2015

	Loan financing services HK\$'000	Distribution and trading HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
Segment assets	66,805	128,002	4,251	199,058
Unallocated property, plant and equipment				6
Unallocated prepayments, deposits and other receivables				560
Unallocated cash and bank balances				8,056
Consolidated assets				207,680
Segment liabilities	91	121,627	3,836	125,554
Unallocated accruals and other payables				717
Consolidated liabilities				126,271



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 6. Revenue and Segment Information (continued)

### (b) Segment information (continued)

#### Segment assets and liabilities: (continued)

As at 31 December 2014

	Retailing of garments HK\$'000	Total HK\$'000
Segment assets	23,568	23,568
Unallocated property, plant and equipment		1,989
Unallocated inventories		482
Unallocated prepayments, deposits and other receivables		1,193
Unallocated cash and bank balances		20,419
Consolidated assets		47,651
Segment liabilities	21,159	21,159
Unallocated accruals and other payables		479
Dividend payable		7
Loans from a shareholder		35,000
Consolidated liabilities		56,645

#### Other segment information:

	Loan financing services HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
<b>Year ended 31 December 2015</b>			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	802	662	1,464
Depreciation of property, plant and equipment	83	1,047	1,130

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 6. Revenue and Segment Information (continued)

### (b) Segment information (continued)

#### Other segment information: (continued)

	Retailing of garments HK\$'000	Total HK\$'000
<b>Year ended 31 December 2014</b>		
<i>Amounts included in the measure of segment results or segment assets:</i>		
Additions of property, plant and equipment	1,379	1,379
Depreciation of property, plant and equipment	2,262	2,262

#### Geographical information:

	Revenue		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	33,955	–	725	183
The Peoples' Republic of China (the "PRC")	–	–	–	1,806
Taiwan	21,089	77,492	46	2,632
	<b>55,044</b>	77,492	<b>771</b>	4,621

In presenting the geographical information, revenue is based on the locations of the customers.

#### Information about major customers:

Revenue from one (2014: nil) customer from the Group's distribution and trading business segment contributing over 10% of the total revenue of the Group represents approximately HK\$27,139,000 (2014: nil) of the Group's total revenue.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 7. Other Income, Gain and Loss

	2015 HK\$'000	2014 HK\$'000
Interest income	17	17
Others	1,703	130
Exchange loss, net	(335)	(197)
Loss on disposals of property, plant and equipment	(1,858)	(101)
	<b>(473)</b>	(151)

## 8. Disposal of Subsidiaries

On 9 April 2015, the Group disposed of its entire interests in City Code Investments Limited and its subsidiary, Zhongshan City Hewan Stone Technology Limited\* (中山市合萬石材科技有限公司). The principal activity of City Code Investments Limited was investment holding and Zhongshan City Hewan Stone Technology Limited\* was previously principally engaged in trial production of environmental building materials.

Net assets at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	2,225
Inventories	482
Prepayment, deposits and other receivables	44
Cash and bank balances	3,759
Accruals and other payables	(243)
Shareholder's loan	(8,411)
Net assets disposed of	(2,144)
Assignment of shareholder's loan	8,411
Release of foreign currency translation reserve	115
Direct cost to the disposal	14
Gain on disposal of subsidiaries	444
Total consideration – satisfied by cash	<b>6,840</b>
<b>Net cash inflow arising on disposal:</b>	
Cash consideration received	6,840
Cash paid for direct cost	(14)
Cash and cash equivalents disposed of	(3,759)
	<b>3,067</b>

\* for identification purpose only

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 9. Income Tax

	2015 HK\$'000	2014 HK\$'000
Current tax	<u>7</u>	<u>-</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits in respect of the Group's operating entities in Hong Kong for the year (2014: no provision was made). The profit tax rate prevailing in Taiwan is 17% for both years. No provision for Taiwan profit tax in both years as the Group has no assessable profit arising in Taiwan.

The reconciliation between the income tax and loss before taxation is as follows:

	2015 HK\$'000	2014 HK\$'000
Loss before taxation	<u>23,376</u>	<u>22,253</u>
Notional tax on loss before taxation, calculated at the rates applicable in the jurisdiction concerned	(3,906)	(3,783)
Tax effect on income that is not taxable	(245)	(1)
Tax effect of expenses that are not deductible	325	673
Tax losses not recognised	3,833	3,136
Others	-	(25)
	<u>7</u>	<u>-</u>

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK\$409,049,000 (2014: HK\$388,626,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unused tax losses are losses of approximately HK\$48,705,000 (2014: HK\$39,174,000) that will expire on or before 2024 (2014: 2023), other tax losses may be carried forward indefinitely.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 10. Loss for the Year

The Group's loss for the year is stated after charging the following

	2015 HK\$'000	2014 HK\$'000
Cost of inventories recognised as expenses (included net reversal of allowance of approximately HK\$1,724,000 (2014: HK\$729,000) for obsolete inventories (note a))	<b>42,418</b>	34,296
Depreciation of property, plant and equipment	<b>1,415</b>	2,582
Auditor's remuneration	<b>500</b>	916
Operating lease rentals in respect of rented premises	<b>7,221</b>	9,869
Contingent rents (note b)	–	11,238
Directors' remuneration (note 11)	<b>2,800</b>	2,337
Other staff costs		
– salaries, bonuses and allowances	<b>12,012</b>	19,784
– retirement benefits scheme contributions	<b>472</b>	963
	<b>12,484</b>	20,747

Notes:

- (a) Excess obsolete inventory provisions were reversed when the relevant inventories were sold.
- (b) The contingent rents are determined based on a certain percentage of the gross sales of the relevant shops when the sales meet certain specified levels.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 11. Directors' and Senior Management's Emoluments

### (a) Directors' emoluments

The remuneration of each Director for the year ended 31 December 2015 is set out below:

	Fees HK\$'000	Salaries HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>				
Mr. Liu Bing (note 4)	-	2,080	18	2,098
Ms. Wong Fung Chi (note 1)	-	426	11	437
Mr. Wong Lik Ping (note 5)	-	-	-	-
Mr. Wong Hok Bun Mario (note 6)	-	-	-	-
<i>Non-executive director:</i>				
Mr. Huang Bin (note 3)	-	-	-	-
<i>Independent non-executive directors:</i>				
Mr. Kee Wah Sze (note 2)	25	-	-	25
Mr. Chan Pat Lam (note 3)	51	-	-	51
Mr. To Yan Ming Edmond (note 2)	25	-	-	25
Mr. Goh Choo Hwee (note 3)	51	-	-	51
Mr. Chan Wah (note 3)	19	-	-	19
Mr. Wu Shiming (note 1)	47	-	-	47
Mr. Chan Chi Ming, Tony (note 1)	47	-	-	47
	<b>265</b>	<b>2,506</b>	<b>29</b>	<b>2,800</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 11. Directors' and Senior Management's Emoluments (continued)

### (a) Directors' emoluments (continued)

The remuneration of each Director for the year ended 31 December 2014 is set out below:

	Fees HK\$'000	Salaries HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>				
Mr. Wong Lik Ping	–	–	–	–
Mr. Liu Bing	–	2,080	17	2,097
<i>Non-executive director:</i>				
Mr. Huang Bin	–	–	–	–
<i>Independent non-executive directors:</i>				
Mr. Kee Wah Sze	60	–	–	60
Mr. Chan Pat Lam	60	–	–	60
Mr. To Yan Ming Edmond	60	–	–	60
Mr. Goh Choo Hwee	60	–	–	60
	240	2,080	17	2,337

Notes:

- Ms. Wong Fung Chi was appointed as an executive director and Mr. Chan Chi Ming, Tony and Mr. Wu Shiming were appointed as independent non-executive directors on 22 May 2015.
- Mr. Kee Wah Sze and Mr. To Yan Ming Edmond resigned as independent non-executive directors on 31 May 2015.
- Mr. Chan Pat Lam and Mr. Goh Choo Hwee resigned as independent non-executive directors and Mr. Huang Bin resigned as a non-executive director on 4 November 2015. Mr. Chan Wah was appointed as an independent non-executive director on 4 November 2015.
- Mr. Liu Bing resigned as an executive director on 1 January 2016.
- Mr. Wong Lik Ping resigned as an executive director on 6 January 2016.
- Mr. Wong Hok Bun, Mario was appointed as an executive director on 31 December 2015.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 11. Directors' and Senior Management's Emoluments (continued)

### (b) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2014: one) are Directors whose emoluments are disclosed in note 11(a) above. The aggregate of the emoluments in respect of the five individuals with the highest emoluments (including the Directors) are follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and allowances	4,742	7,668
Retirement benefit scheme contributions	79	64
	<b>4,821</b>	<b>7,732</b>

The emoluments of the five individuals with the highest emoluments are within the following bands:

	2015	2014
Nil to HK\$1,000,000	4	2
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	1	1

Save as disclosed above, for the two years ended 31 December 2015 and 2014, no other emoluments had been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

## 12. Dividend

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: nil).

## 13. Loss Per Share

### (a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company was based on the loss for the year attributable to owners of the Company of approximately HK\$23,383,000 (2014: HK\$22,253,000) and the weighted average number of approximately 4,277,820,000 (2014: 3,655,820,000) ordinary shares in issue during the year.

### (b) Diluted loss per share

Diluted loss per share does not assume the exercise of the Company's share options as the exercise of the Company's share options would result in a decrease in loss per share.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 14. Property, Plant and Equipment

	Plant and equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost:</b>				
At 1 January 2014	47	19,585	189	19,821
Additions	1,020	1,994	261	3,275
Disposals	–	(2,484)	–	(2,484)
Exchange adjustments	(10)	(961)	(12)	(983)
At 31 December 2014 and 1 January 2015	1,057	18,134	438	19,629
Additions	519	710	759	1,988
Disposals	–	(15,147)	(178)	(15,325)
Disposals of subsidiaries	(1,535)	(611)	(259)	(2,405)
Exchange adjustments	2	(141)	(1)	(140)
At 31 December 2015	43	2,945	759	3,747
<b>Accumulated depreciation:</b>				
At 1 January 2014	47	15,407	158	15,612
Charge for the year	8	2,522	52	2,582
Disposals	–	(2,383)	–	(2,383)
Exchange adjustments	(3)	(791)	(9)	(803)
At 31 December 2014 and 1 January 2015	52	14,755	201	15,008
Charge for the year	104	1,220	91	1,415
Eliminated on disposal	–	(12,975)	(163)	(13,138)
Eliminated on disposal of subsidiaries	(111)	(18)	(51)	(180)
Exchange adjustments	(2)	(126)	(1)	(129)
At 31 December 2015	43	2,856	77	2,976
<b>Carrying amount:</b>				
At 31 December 2015	–	89	682	771
At 31 December 2014	1,005	3,379	237	4,621

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 15. Inventories

	2015 HK\$'000	2014 HK\$'000
Raw materials	–	482
Finished goods	<b>122,083</b>	8,952
	<b>122,083</b>	9,434

## 16. Loans to Customers

	2015 HK\$'000	2014 HK\$'000
Loans to customers	<b>65,000</b>	–

The fixed-rate loans receivable of HK\$65,000,000 under the Group's loan financing services operation as at 31 December 2015 represent loan advances to two independent third parties which are secured by the pledge of certain shares in a private company and personal guarantees. The interest rate for the loans receivable was ranging from 10% to 15.6% (2014: nil) per annum.

The loan made available to customers depends on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. There are no loans to customers which were past due at the end of reporting period and the Directors consider that no impairment was necessary.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 16. Loans to Customers (continued)

### Aging analysis

Aging analysis of loans to customers prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Less than 1 month	<b>60,000</b>	–
7 to 12 months	<b>5,000</b>	–
	<b>65,000</b>	–

Aging analysis of loans to customers prepared based on contractual due date is as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Not yet past due	<b>65,000</b>	–

Loans to customers that were neither past due nor impaired related to customers for whom there was no recent history of default. Impairment provisions are recognised for financial reporting purposes only for losses that have incurred at the end of reporting period based on objective evidence of impairment.

A summary of the principal of the collateralised and non-collateralised loans to customers at the end of the reporting period is as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Collateralised	<b>60,000</b>	–
Non-collateralised but with guarantee	<b>5,000</b>	–
	<b>65,000</b>	–

The fair value of collaterals, as assessed by the management, at loans' inception date is not less than the principal amount of the relevant loans.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 17. Trade and Interest Receivables

	2015 HK\$'000	2014 HK\$'000
Trade and interest receivables	<b>6,381</b>	3,205

Trade and interest receivable from third parties mainly represent receivables from department stores in relation to the collection of sales proceeds from concessionaire sales of merchandise to customers and interest receivables from loans to customers. The average credit period granted to the department stores is 90 days (2014: 60 days).

The aging analysis of trade and interest receivables, based on the invoice date or interest due date, and net of allowance, is as follows:

	2015 HK\$'000	2014 HK\$'000
Not yet due or within 90 days	<b>6,378</b>	3,205
91 days to 180 days	<b>3</b>	–
	<b>6,381</b>	3,205

The Group has policy of providing allowance for bad and doubtful debts which is based on the evaluation of collectability and age of accounts and on management's judgment including credit worthiness and past collection history of each debtor.

In determining the recoverability of the trade receivables, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that no allowance for bad and doubtful debts is required. No allowance for bad and doubtful debts are provided for trade receivables during the year and at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 18. Trade Payables

	2015 HK\$'000	2014 HK\$'000
Trade payables	<b>125,042</b>	17,377

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2015 HK\$'000	2014 HK\$'000
Within 90 days	<b>121,629</b>	3,160
91 days to 180 days	–	346
181 days to 360 days	–	6,297
Over 360 days	<b>3,413</b>	7,574
	<b>125,042</b>	17,377

## 19. Loans From A Shareholder

The loans from a shareholder were unsecured, non-interest bearing, repayable on demand and fully settled during the year.

## 20. Share Capital

	Number of ordinary shares HK\$0.0025 each (‘000)	HK\$'000
Authorised:		
At 31 December 2015 and 2014	200,000,000	500,000
Issued and fully paid:		
At 1 January 2014, 31 December 2014 and 1 January 2015	3,655,820	9,140
Issues of shares on placement	730,000	1,825
At 31 December 2015	<b>4,385,820</b>	<b>10,965</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 20. Share Capital (continued)

Completion of the share placement took place on 24 February 2015 pursuant to which 730,000,000 placement shares were issued under the placement agreement at the placement price of HK\$0.161 per placement share. Accordingly, the Company's issued share capital was increased by approximately HK\$1,825,000 and its share premium account was increased by approximately HK\$112,647,000. Net proceeds from the issues after deduction of expenses of approximately HK\$3,058,000, were approximately HK\$114,472,000.

### Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the two years ended 31 December 2015 and 2014.

The capital structure of the Group consists of debt, which includes loans from a shareholder as disclosed in note 19 and equity attributable to owners of the Company, comprising share capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities to total assets.

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

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Total liabilities	<b>126,271</b>	56,645
Total assets	<b>207,680</b>	47,651
Gearing ratio	<b>61%</b>	119%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 21. Equity-settled Share Option Scheme

The Share Option Scheme of the Company (“**2009 Scheme**”) was adopted by the Company on 29 December 2009.

The purpose of the 2009 Scheme is to encourage the eligible participants to perform their best in achieving the goals of the Group and at the same time allow the Company in retaining its existing employees and recruiting additional employees. A stronger business relationship will accordingly be established by the Group with the participants. Eligible participants of the 2009 Scheme include any employee, business associate and trustee.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2009 Scheme shall not exceed 10% of the total number of shares in issue at the date of adoption of the 2009 Scheme. The maximum number of shares issuable under share options to each eligible participant in the 2009 Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at anytime. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

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

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The share option may be exercised at any time during the option period, which is determinable by the Company’s board of directors and will not exceed 10 years from the date of grant of the options.

The exercise price of the share options is determinable by the Company’s Board of Directors, but may not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet on the date of the offer of the share options (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet for the five trading days immediately preceding the date of the offer and (iii) the nominal value of the Company’s shares.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 21. Equity-settled Share Option Scheme (continued)

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

All share-based compensation was settled in equity. The Group had no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The following tables disclose movements in the Company's share options during both years:

### 2015

Directors	Outstanding at 1 January 2015	Reclassified during the year	Lapsed during the year	Outstanding at 31 December 2015	Grant date	Exercisable period	Exercise price
Mr. Wong Lik Ping	3,000,000	-	-	3,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. Huang Bin (note 2)	3,000,000	(3,000,000)	-	-	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. Kee Wah Sze (note 1)	3,000,000	(3,000,000)	-	-	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. Chan Pat Lam (note 2)	3,000,000	(3,000,000)	-	-	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. To Yan Ming, Edmond (note 1)	3,000,000	(3,000,000)	-	-	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Sub-total	15,000,000	(12,000,000)	-	3,000,000			
Other employees (note 3)	15,500,000	(12,500,000)	-	3,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Others	127,000,000	-	-	127,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Others (note 3)	10,000,000	-	(10,000,000)	-	15 April 2010	15 April 2012- 30 April 2015	HK\$1.70
Others (note 1)	-	6,000,000	-	6,000,000	15 April 2010	15 April 2012- 30 November 2016	HK\$1.70
Others (note 3)	-	12,500,000	-	12,500,000	15 April 2010	15 April 2012- 28 February 2017	HK\$1.70
Others (note 2)	-	6,000,000	-	6,000,000	15 April 2010	15 April 2012- 3 May 2017	HK\$1.70
Total	167,500,000	-	(10,000,000)	157,500,000			



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 21. Equity-settled Share Option Scheme (continued)

### 2014

Directors	Outstanding at 1 January 2014	Lapsed during the year	Outstanding at 31 December 2014	Grant date	Exercisable period	Exercise price
Mr. Wong Lik Ping	3,000,000	-	3,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. Huang Bin	3,000,000	-	3,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. Kee Wah Sze	3,000,000	-	3,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. Chan Pat Lam	3,000,000	-	3,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Mr. To Yan Ming, Edmond	3,000,000	-	3,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Sub-total	15,000,000	-	15,000,000			
Other employees	15,500,000	-	15,500,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Others	149,500,000	(12,500,000)	137,000,000	15 April 2010	15 April 2012- 14 April 2020	HK\$1.70
Others	20,000,000	(20,000,000)	-	21 June 2010	21 June 2012- 31 August 2014	HK\$1.70
Total	200,000,000	(32,500,000)	167,500,000			

Notes:

1. Mr. Kee Wah Sze and Mr. To Yan Ming Edmond resigned as independent non-executive directors on 31 May 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from his resignation.
2. Mr. Huang Bin and Mr. Chan Pat Lam resigned as non-executive director and independent non-executive directors respectively on 4 November 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from his resignation.
3. Some employees resigned during the year ended 31 December 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation. Out of the share options granted to ex-employees resigned in the year ended 31 December 2013, 10,000,000 options were lapsed during the year ended 31 December 2015.

10,000,000 options (2014: 32,500,000) were lapsed under the 2009 Scheme during the year ended 31 December 2015.

No share option was exercised, granted or cancelled under the 2009 Scheme during the years ended 31 December 2015 and 2014.

Apart from the 2009 Scheme, during the years ended 31 December 2015 and 2014, no rights were granted to the directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 22. Reserves

### (a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### (b) Company

	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2014	69,825	99,297	(155,317)	13,805
Loss for the year	-	-	(32,775)	(32,775)
Lapse of share options	-	(16,136)	16,136	-
At 31 December 2014 and 1 January 2015	<b>69,825</b>	<b>83,161</b>	<b>(171,956)</b>	<b>(18,970)</b>
Loss for the year	-	-	(20,038)	(20,038)
Issue of new shares	<b>112,647</b>	-	-	<b>112,647</b>
Lapse of share options	-	<b>(4,965)</b>	<b>4,965</b>	-
At 31 December 2015	<b>182,472</b>	<b>78,196</b>	<b>(187,029)</b>	<b>73,639</b>

### (c) Nature and purpose of reserves

#### (i) Share premium account

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981.

#### (ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 23. Operating Lease Commitments

Leases for office premises are negotiated for terms ranging from 1 to 2 years. At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>Land and buildings</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,129</b>	7,503
In the second to fifth years, inclusive	<b>95</b>	6,431
	<b>1,224</b>	13,934

## 24. Statement of Financial Position of the Company

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	<b>6</b>	184
Investments in subsidiaries	<b>2</b>	2
Amount due from subsidiaries	<b>77,859</b>	8,415
	<b>77,867</b>	8,601
<b>Current assets</b>		
Deposits, prepayments and other receivables	<b>561</b>	550
Cash and bank balance	<b>8,056</b>	16,467
	<b>8,617</b>	17,017
<b>Current liabilities</b>		
Other payable and accruals	<b>718</b>	446
Amount due to subsidiaries	<b>1,162</b>	2
Loans from a shareholder	<b>-</b>	35,000
	<b>1,880</b>	35,448
<b>Net current assets/(liabilities)</b>	<b>6,737</b>	(18,431)
<b>NET ASSETS</b>	<b>84,604</b>	(9,830)
<b>Equity</b>		
Share capital	<b>10,965</b>	9,140
Reserves	<b>73,639</b>	(18,970)
<b>TOTAL EQUITY</b>	<b>84,604</b>	(9,830)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

## 25. Particulars of Subsidiaries of the Company

Particulars of the subsidiaries as at 31 December 2015 are as follows:

Name of the subsidiary	Place of incorporation/ registration/ operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2015	2014	
Access Sino Limited	BVI	US\$1	100%	100%	Investment holding
Billion Team Investments Limited	BVI	US\$100	100%	100%	Dormant
Top Board International Limited	BVI	US\$100	100%	100%	Dormant
Allied Power Development Limited	BVI	US\$100	100%	100%	Dormant
Asia Develop Limited	Hong Kong	HK\$1	100%	N/A	Loan financing services
King Topwell International Limited	Hong Kong	HK\$1	100%	N/A	Distribution and trading
Asia Toprich Development Limited	Hong Kong	HK\$1	100%	N/A	Dormant
Da Hua Li Company Limited	Taiwan	NTD8,000,000	100%	100%	Retailing of garments
Taiwan Vision Company Limited	Taiwan	NTD80,000,000	100%	100%	Retailing of garments

## 26. Events After the Reporting Period

On 15 January 2016, the Company entered into a subscription agreement with Hua Lang Limited to allot and issue a total of 877,000,000 new shares of the Company at the subscription price of HK\$0.14 per subscription share. The subscription agreement has been fulfilled and the completion of the subscription took place on 27 January 2016.

## 27. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 18 March 2016.

# Corporate Information

## Directors

### Executive Directors

Ms. Wong Fung Chi (*appointed on 22 May 2015 and appointed as Chairman on 6 January 2016*)

Mr. Wong Hok Bun, Mario (*appointed on 31 December 2015*)

Mr. Wong Lik Ping (*resigned on 6 January 2016*)

Mr. Liu Bing (*resigned on 1 January 2016*)

### Non-Executive Director

Mr. Huang Bin (*resigned on 4 November 2015*)

### Independent Non-Executive Directors

Mr. Chan Chi Ming, Tony (*appointed on 22 May 2015*)

Mr. Wu Shiming (*appointed on 22 May 2015*)

Mr. Chan Wah (*appointed on 4 November 2015*)

Mr. Chan Pat Lam (*resigned on 4 November 2015*)

Mr. Goh Choo Hwee (*resigned on 4 November 2015*)

Mr. Kee Wah Sze (*resigned on 31 May 2015*)

Mr. To Yan Ming Edmond (*resigned on 31 May 2015*)

### Audit Committee

Mr. Chan Chi Ming, Tony (Chairman) (*appointed on 31 May 2015*)

Mr. Wu Shiming (*appointed on 31 May 2015*)

Mr. Chan Wah (*appointed on 4 November 2015*)

Mr. Kee Wah Sze (*resigned on 31 May 2015*)

Mr. To Yan Ming Edmond (*resigned on 31 May 2015*)

Mr. Chan Pat Lam (*resigned on 4 November 2015*)

Mr. Goh Choo Hwee (*resigned on 4 November 2015*)

### Remuneration Committee

Mr. Chan Chi Ming, Tony (Chairman) (*appointed on 31 May 2015*)

Mr. Wu Shiming (*appointed on 31 May 2015*)

Mr. Chan Wah (*appointed on 4 November 2015*)

Mr. Kee Wah Sze (*resigned on 31 May 2015*)

Mr. To Yan Ming Edmond (*resigned on 31 May 2015*)

Mr. Chan Pat Lam (*resigned on 4 November 2015*)

Mr. Goh Choo Hwee (*resigned on 4 November 2015*)

# Corporate Information

## Nomination Committee

Mr. Chan Chi Ming, Tony (Chairman)

*(appointed on 31 May 2015)*

Mr. Wu Shiming *(appointed on 31 May 2015)*

Mr. Chan Wah *(appointed on 4 November 2015)*

Mr. Kee Wah Sze *(resigned on 31 May 2015)*

Mr. To Yan Ming Edmond *(resigned on 31 May 2015)*

Mr. Chan Pat Lam *(resigned on 4 November 2015)*

Mr. Goh Choo Hwee *(resigned on 4 November 2015)*

Mr. Liu Bing *(resigned on 1 January 2016)*

## Company Secretary

Mr. Wong Hok Bun, Mario *(appointed on 14 July 2015)*

Mr. Fong Chi Wing *(resigned on 31 August 2015)*

## Auditor

ZHONGHUI ANDA CPA Limited

## Legal advisers on Bermuda Law

Conveys Dill & Pearman

## Legal advisers on Hong Kong Law

Angela Ho & Associates

## Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## Head Office & Principal Place Of Business

Suite 3604, 36/F., West Tower, Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

## Principal Bankers

Bank of China (Hong Kong) Limited

The Hong Kong and Shanghai Banking Corporation  
Limited

Chiyu Banking Corporation Limited

## Principal Share Registrar & Transfer Office

Codan Services Limited

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## Sub-Registrar & Transfer Agent in Hong Kong

Computershare Hong Kong Investor Services Limited

Rooms 1712-16, 17th Floor

Hopewell Centre, 183 Queen's Road East

Wanchai, Hong Kong

## Stock Code

990

## Website

[www.990.com.hk](http://www.990.com.hk)

# Five Years Financial Summary

## RESULTS

	2015 HK\$'000	For the year ended 31 December			
		2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue	<b>55,044</b>	77,492	87,274	89,762	99,730
Loss before taxation	<b>(23,376)</b>	(22,253)	(15,289)	(43,234)	(64,602)
Income tax	<b>(7)</b>	–	(52)	(52)	(79)
Loss for the year attributable to owners of the Company	<b>(23,383)</b>	(22,253)	(15,341)	(43,286)	(64,681)

## ASSETS AND LIABILITIES

	2015 HK\$'000	As at 31 December			
		2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Total assets	<b>207,680</b>	47,651	55,887	70,612	93,691
Total liabilities	<b>(126,271)</b>	(56,645)	(43,494)	(43,193)	(38,006)
Net assets/(liabilities)	<b>81,409</b>	(8,994)	12,393	27,419	55,685