CCT LAND

中建置地集團有限公司

Stock Code : 261

2015

contents

chairman's statement

On behalf of the Board of the Company, I present the annual results of the Group for the year ended 31 December 2015.

The Group's revenue for 2015 was HK$810 million, decreased by approximately 21.7% as compared to HK$1,034 million in the last corresponding year, due to decline in revenue of the Group's manufacturing business, partly offset by increase in property sales of the Group's mainland property business. Net loss for the year was HK$74 million, increased by 39.6% compared with the loss of HK$53 million in the previous year, primarily due to the absence of any fair value gain on the Group's investment properties in 2015. Despite increase in loss, the Group's total equity soared significantly during the year and its financial position was greatly improved as a result of the full settlement of the promissory notes by way of issue of the Convertible Bonds of the Company.

The Board does not recommend payment of a final dividend for the year ended 31 December 2015 (2014: Nil) as the Group was still in a loss position and the Group intends to conserve cash resources to finance operations and future development of its businesses.

BUSINESS REVIEW

Telecom Product Business and the Child Product Trading Business

In 2015, the development, design, manufacturing and sale of telecom, electronic and infant and baby products (the "Telecom Product Business"), continued to be the largest contributor of revenue to the Group. We manufacture products on an original design manufacturing ("ODM") basis and contract manufacturing basis ("CMS") for our worldwide customers, most of which are renowned household brands. The telecommunication products comprising mainly cordless phones, remained the Group's largest product line, followed by infant and baby products. During the year, the manufacturing business recorded revenue of approximately HK$538 million, representing a year-on-year decrease of approximately 32.6%, mainly due to reduction of sales of cordless phones. The reduction of the cordless phone sales was mainly attributable to the slowing global economy and intensifying competition. Furthermore, the significant devaluation of euro against US dollars has dampened consumer demand for telecom products in the market. Trading and sale of infant and baby products (the "Child Product Trading Business"), which are mainly feeding, health care, hygiene and safety products for infants and babies, were relatively stable and decreased by approximately by 7% year-on-year as most of our child products were sold to the U.S.A.

Although materials costs were stable due to weakening global demand, wages and social security costs of Chinese workers continued to rise. Shortage of labour in the Guangdong Province continued to be acute although the effect had been partly relieved by our on-going operations restructuring and streamlining measures. In response to the worsening operating environment, we continued restructuring, downsizing, optimising products, consolidating factory space and making relentless efforts of cost savings. Although restructuring costs of approximately HK$17 million were incurred as a result of these measures, all these efforts have shown positive effects on the manufacturing business and has improved its efficiency. As a result, the Telecom Product Business was able to achieve an operating profit of approximately HK$5 million as compared with the operating profit of HK$24 million reported in 2014. The comparative profit of HK$24 million, however, included a fair value gain of HK$45 million arising from revaluation of the Shenzhen investment properties, and if this gain is excluded, the manufacturing business recorded a loss of HK$21 million in 2014. Despite the reduction of sales, the Child Product Trading Business still delivered an operating profit of HK$2 million, as compared with an operating profit of HK$3 million in 2014.

The conversion of our Shenzhen R&D center into investment property has been completed and almost all the property units have been let at high rental yield. The rental income has compensated part of the overhead of the manufacturing business. No revaluation change was recorded in 2015 as compared to a fair value gain of HK$45 million recognised in the last corresponding year.

The declining cordless phone product market is expected to continue in 2016, resulting in structural change of customers. In order to compete, customers need to work with a strong manufacturer which can provide them with credit support for their product procurement, a strong research and development ("R&D") team which can replace their own R&D team and a solid and reliable manufacturing support which can meet their approved vendor requirements. On the other hand, due to slowing global economy, many Chinese factories have shut down. This may present an opportunity for the Group which is one of the leading manufacturers for consumer electronic products, through its 25 years of manufacturing history. With state-of-the-art production facilities, a strong R&D team and solid financial position, CCT Tech Group, the manufacturing division of the Group, has established as a highly reputable manufacturer in the global consumer electronic market. We will continue to work with our existing customers and will also seek new customers not only in the cordless phone products but also other consumer electronic products. We will expand our CMS business, as competition from low-cost Chinese factories has reduced. To meet with the market changes, we have developed and will launch Bluetooth linkage products in both our telecom products and child product lines and initial response from our customers is encouraging.

Mainland Property Business

The development of residential and commercial properties for sale in the PRC (the "Mainland Property Business") was founded in 2007 by CCT Fortis Group, our previous controlling shareholder, and was transferred into the Group in 2013. Through years of efforts, we have built up a reputable brand name in the property sector in Anshan and has become a reputable developer in the local market. All our property projects are located in Anshan City, Liaoning Province, China and comprise the following projects:

Landmark City

Situated in the Tiexi District of the Anshan City, Landmark City enjoys convenient transport access and well-developed comprehensive ancillary facilities, and the project provides comfortable design, and high ratio of greenery and common areas. The project comprises residential buildings, underground car parks and retail shops, with a total gross floor area of approximately 212,000 square meters, built on a site area of 69,117 square meters. Landmark City is divided into three phases, comprising 22 residential towers, offering 2,084 flats, in aggregate with wide range of sizes from one-bedroom to four-bedroom apartments. Development of the entire Landmark City project has been completed, with the last phase of the project — Phase 3 completed in 2013. Approximately 60% of the entire project has been sold accumulatively (including units sold by the Group and the CCT Fortis Group before transfer to the Group).

Evian Villa

Situated in the Hi-tech Development Zone of the Anshan City, Evian Garden is positioned as a luxurious residential community. Since first launch of the project, the development has received strong market response and have been well praised by the customers for its superior quality, top-notched design, a greenery ratio of over 40% and premium materials. In particular, the beautiful premier water system-an artificial lake in the center of the estate has received accolades from customers and buyers. In December 2015, the project was awarded by the Anshan Television as the "Best Low-rise Development".

The project has a site area of 74,738 square meters and is divided into two phases, comprising 27 blocks of low-rise apartment buildings, under-ground car parking spaces and retail shops with total gross floor area of 126,000 square meters. Phase 1 comprises 14 blocks of gross floor area of 63,000 square meters and Phase 2 comprises 13 blocks of gross floor area of 63,000 square meters. Evian Villas provide flats and duplex apartments of 670 units in aggregate, comprising 291 units for Phase 1 and 379 units for Phase 2, with wide range of flat types. Development of the Phase 1 was completed in 2011. Approximately 51% of the Phase 1 units has been sold accumulatively (including units sold by the Group and the CCT Fortis Group before transfer of the project to the Group). All the car park spaces and retail shops have also been sold. Development of Phase 2 was commenced in early 2014 and was completed in 2015. Presale was launched and was well received. Deposits of approximately HK$70 million for 140 units pre-sold have been received from customers.

Evian Garden

The Evian Garden project is located in the land lot site “DN1” of Hi-tech Development Zone, Anshan, adjacent to the Evian Villa project. Planning of the project development is in progress and construction is planned to commence in 2016. With a site area of approximately 83,000 square meters, the project will be developed into high-end property project comprising luxurious terraced houses and villas, retail shops and car parks, with a total gross floor area of approximately 280,000 square meters.

Since beginning of 2015, China has introduced policies to stimulate its slowing economy including several rounds of interest rate cut and reductions in required reserve ratios for banks. The Chinese government has also introduced policies to support the property market, including removal of house purchase restrictions and lowering the down payment requirements. As a result, market sentiment has improved and buyer confidence has revived. We took the opportunity of the market rebound and have achieved contract sale revenue of HK$113 million, 74% up from HK$65 million in the last corresponding year. Most of the revenue in 2015 came from sale of the Evian Villa Phase 1 apartments, followed by the Landmark City units but did not include pre-sale of the flats of Evian Villa Phase 2 project. However, property prices remained weak in the lower-tier cities like Anshan, due to its high inventory level as many local developers continued to slash prices in order to get cash to meet their repayment obligations of their debts. As a result, despite sales increase our property business posted a full-year operating loss (before finance costs) of HK$25 million in 2015, compared with the loss of HK$22 million in 2014.

In 2016, de-stocking continues to be the major task of most mainland developers. It is anticipated that the Chinese government will introduce new policies to further support the property market. Capitalizing on our strong brand image in the Anshan property market, we will step up our marketing efforts to boost property sales in 2016. In view of the market changes, we plan to commence development of the Evian Garden this year, which is expected to attract strong attention from the market.

Internet finance business

In order to diversify and broaden its revenue sources, in the last quarter of 2015, the Company acquired the entire issued capital of Gold Direct Limited, which has established a 51% equity interest subsidiary in China soon after completion of acquisition. The PRC subsidiary will be engaged in the fast growing internet finance services. The first instalment of registered capital of RMB25,500,000 has been injected into the PRC subsidiary, which is in the process of establishing an on-line “peer-to-peer” lending platform. The PRC subsidiary is expected to commence business within 2016.

OUTLOOK

Current market attention is focused on the slowing global economy. US economy continues to expand in a modest pace since US raised its interest rate at the end of 2015. In China, the Chinese economy has entered into a new stage of slower growth amid its structural reform from export dependence to domestic consumption. Euro government is expected to introduce more policies to stimulate its weak economy. Geopolitical tensions and instability in the Middle East continue to cause risks and uncertainty to the global financial markets.

Uncertainties of the economic outlook of our major markets, especially Europe, intensifying competition and the continuing shortage of labour and rising wage costs in the Guangdong Province remain the greatest risks and challenges to the Group’s manufacturing business. We will strive to combat all these challenges and try to turn around our manufacture business. The CCT Tech Group will continue to improve its efficiency and competitiveness and will continue to cut costs. To capitalise our strength in R&D and our manufacturing capability, we will develop and launch more Bluetooth linkage products and will also expand our CMS business.

As for the Mainland Property Business, high inventory level and the low-price to cut-throat pricing policies adopted by some local developers continue to pose the greatest risks to our property business. The timing and extent of further supporting policies to be introduced by the Central Government is also important towards the revival of the property market in Anshan. We will continue to promote our brand value and pursue property quality and service excellence. We will capture any market rebound and will launch innovative sale and promotion activities to boost sales. To align our development strategy with the market changes, we plan to start development of Evian Garden in 2016. If the market further improve and property prices rebound, we may look for opportunity to replenish our land bank.

We will continue to explore and seek new business opportunities to broaden our revenue and improve our profitability. The Group's financial position has greatly strengthened by the placing in May 2015 of 4.28 billion new shares raising approximately HK$104 million and the settlement in December 2015 of all the previous promissory notes with principal amount of HK$1,096 million by issue of the Convertible Bonds of the same principal amount. The Group is well-positioned to meet future challenges and grasp new business opportunities to enhance shareholders' value.

APPRECIATION

On behalf of the Board, I wish to express our thanks and gratitude to the directors, the management and all our employees for their dedication, loyalty, and hard work to meet the challenges during the year. I also want to thank our shareholders, investors, bankers, customers and suppliers for their continued encouragement and strong support to the Group.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 29 March 2016

directors and senior management

EXECUTIVE DIRECTORS

Mr. MAK Shiu Tong, Clement, aged 62, has been the Chairman, the CEO and the Executive Director since August 2002. Mr. Mak is a member of the Remuneration Committee and the chairman and a member of the Nomination Committee. He is responsible for the corporate planning and overall strategic direction of the Group and takes a leading role in managing the businesses of the Group. He has over 39 years of experience in the electronics manufacturing and distribution industry, and substantial experience in diversified business. In his many years in the businesses, he has demonstrated a keen understanding in the diversified businesses in which the Group is engaged. Mr. Mak is also the chairman, the chief executive officer and an executive director of CCT Fortis, whose shares are listed on the main board of the Stock Exchange, and a director of certain subsidiaries of the Company and CCT Fortis respectively. Mr. Mak holds a Diploma in Electrical Engineering.

Ms. CHENG Yuk Ching, Flora, aged 62, has been the Executive Director since August 2002. Ms. Cheng is also the Deputy Chairman of the Company. Ms. Cheng assists the CEO in overseeing the day-to-day management of the principal businesses of the Group. Ms. Cheng has over 36 years of experience in the electronics industry, and substantial experience in diversified businesses. She held senior positions in various well-known electronics companies before she joined the Company. Ms. Cheng is also an executive director of CCT Fortis and a director of certain subsidiaries of the Company and CCT Fortis. Ms. Cheng holds a Diploma in Business Administration.

Mr. TAM Ngai Hung, Terry, aged 62, has been the Executive Director and the Group Finance Director since August 2002. He has also acted as the Company Secretary of the Company since May 2012. He is a member of the Remuneration Committee and the Nomination Committee. Mr. Tam is mainly responsible for the corporate finance, accounting and company secretarial functions of the Group. He has more than 38 years of experience in finance and accounting management, and management experience in diversified businesses. He also possesses substantial knowledge in corporate finance matters, mergers and acquisitions and company secretarial matters. He previously held a number of senior positions in several listed companies before he joined the Company. Mr. Tam is also an executive director of CCT Fortis and a director and company secretary of certain subsidiaries of the Company and CCT Fortis. Mr. Tam is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and The Institute of Chartered Secretaries and Administrators.

Mr. Huanfei GUAN, aged 58, has been the Executive Director since May 2015. Mr. Guan has been a part-time researcher of the Insurance Research Centre of Fudan University since 2004. He has also been appointed as a part-time lecturer of professional degree of Fudan University since 2013. Mr. Guan has extensive experience in the finance and insurance industry in Hong Kong and the PRC. He served various senior managerial positions in the People's Insurance Company of China (Jilin Branch), the business department of Hong Kong and Macao Regional Office of China Insurance Group, Ming An Insurance Company (Hong Kong) Limited and China Pacific Insurance Co., (HK) Ltd. Mr. Guan also held offices at the Bank of Communications, including the deputy chairman of the risk asset management committee, deputy chairman of credit asset management committee, chairman of loan verification committee, deputy general manager of the Bank of Communications Hong Kong Branch, the director of Bank of Communications Trustee Limited, the chairman and chief executive of China BOCOM Insurance Co., Ltd. and an executive director and general manager of BoCommLife Insurance Company Limited. Mr. Guan is also an economic and technical consultant of Jilin Provincial Government. Mr. Guan is currently an INED of China Nonferrous Mining Corporation Limited and Sunwah Kingsway Capital Holdings Limited, shares of the two companies are listed on the main board of the Stock Exchange. He is also the chairman emeritus of another main board listed company of the Stock Exchange — Culturecom Holdings Limited. Meanwhile, Mr. Guan is the chairman of the board of directors of UCAN.COM Group Limited, a subsidiary of Culturecom Holdings Limited, since July 2013. Mr. Guan was an INED of Silver Base Group Holdings Limited, whose shares are listed on the main board of the Stock Exchange, for the period from March 2008 to January 2011. He was re-designated as an executive director and president of that company from January 2011 to December 2012. He has been engaged as a senior consultant of that company since January 2013. Mr. Guan obtained a doctor's degree in Economics in 2000 from Wuhan University and was a post-doctoral researcher in Theoretical Economics with Fudan University from 2000 to 2002.

Ms. LAI Mei Kwan, aged 29, has been the Executive Director since May 2015. Ms. Lai has worked with several major banks and a securities firm in Hong Kong and she has gained solid experience in private banking and financial services. Ms. Lai graduated from King's College London in 2009 with a Bachelor's Degree of Science in Business Management. She then obtained a Master's Degree of Arts in 2011 from Regents College — European Business School London with concentration in Management with pathway in International Business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHOW Siu Ngor, aged 60, has been an INED of the Company since August 2002. Mr. Chow is the chairman and a member of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee. Mr. Chow is also an INED of CCT Fortis. Mr. Chow is an INED of REXLot Holdings Limited, whose shares are listed on the main board of the Stock Exchange. Mr. Chow is a practising solicitor in Hong Kong. He is currently a Partner with Messrs. King & Wood Mallesons. Mr. Chow graduated from The Chinese University of Hong Kong in 1981 with an Honours Degree in Social Science. He then obtained an Honours Degree in Laws from the University of Birmingham in 1987. Mr. Chow was admitted as a solicitor of the Supreme Court of Hong Kong in 1990 and has been in private practice since then. He was previously a non-executive director of REX Global Entertainment Holdings Limited, a company listed on the main board of the Stock Exchange, and resigned on 22 September 2015.

Mr. LAU Ho Kit, Ivan, aged 57, has been an INED of the Company since August 2002. Mr. Lau is the chairman and a member of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Lau has extensive experience in accounting and financial management. Mr. Lau is an INED of Singamas Container Holdings Limited and Glory Mark Hi-Tech (Holdings) Limited, whose shares are listed on the main board and the Growth Enterprise Market of the Stock Exchange respectively. Mr. Lau is a practicing accountant in Hong Kong. Mr. Lau holds a Master's Degree in Professional Accounting and is a member of the HKICPA and The Institute of Chartered Accountants in England and Wales.

Mr. TAM King Ching, Kenny, aged 66, has been an INED of the Company since February 2016. Mr. Tam is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He is also an INED of CCT Forits. Mr. Tam serves as an INED of certain listed companies on the main board of the Stock Exchange, namely, BeijingWest Industries International Limited, Hong Kong Shanghai Alliance Holdings Limited, Kingmaker Footwear Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited and West China Cement Limited. He is also serving as a member of the Small and Medium Practitioners Committee and the Insolvency SD Vetting Committee in the Hong Kong Institute of Certified Public Accountants. Mr. Tam is also a council member of The Society of Chinese Accountants and Auditors. Mr. Tam is a practising Certified Public Accountant in Hong Kong. He holds a Bachelor's Degree in Commerce and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Chartered Professional Accountants of Ontario, Canada.

SENIOR MANAGEMENT

Ms. NG Yin Fun, **Elaine**, aged 54, joined the CCT Tech Group in April 2009. Ms. Ng currently holds the position of Managing Director of the manufacturing division of the Group. She is primarily responsible for leading the business development of the CCT Tech Group's manufacturing business, and oversees and supervises principal functions of the manufacturing business of the CCT Tech Group. Ms. Ng has been in the consumer electronic industry for more than 26 years with extensive business development experience. Ms. Ng graduated from the University of Technology, Sydney, Australia with a Master's Degree of Engineering Management in 2000. She has also taken Business Management course in the Harvard University in the US in 2007.

Mr. CHAN Siu Chung, Marco, aged 42, has been in service with the CCT Tech Group since June 2012. Mr. Chan currently holds the position of Chief Technical Officer. He is responsible for the supervision of the research and development team and the entire engineering process. Meanwhile, he is also responsible for the management of the new technology's development and enhancement. Mr. Chan has over 18 years of experience in the research and development field and he has been mainly responsible for the development and project managements of various kinds of telecommunication products. He graduated from The Chinese University of Hong Kong, holding a Bachelor's Degree in Electronic Engineering and a Master's Degree of Philosophy in Engineering.

Mr. TSANG Chiu Ki, Andrew, aged 55, has worked in the CCT Tech Group as Material Director since August 2014. Mr. Tsang is in charge of the material sourcing, procurement activities, and production and material control functions of the manufacturing operations of the CCT Tech Group. Mr. Tsang has over 31 years of experience in material sourcing, purchasing and material control in the electronic and manufacturing industry. He holds a Master's Degree in Business Administration from The Open University of Hong Kong and is a Member of Chartered Institute of Purchasing & Supply, UK.

Mr. HO Yiu Hong, Victor, aged 47, joined the Group in January 2000. Mr. Ho holds the position of Senior Finance Director in CCT Land. He heads the finance and accounting department of the Group. Mr. Ho has over 25 years of experience in accounting, tax, treasury and financial management. He holds a First Class Honours Degree in Accountancy from The Hong Kong Polytechnic University and a Master's Degree in Business Administration from the University of Strathclyde. He is a fellow of the Association of Chartered Certified Accountants and an associate of both The Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Certified Public Accountants.

Mr. CHAN Ka Chai, aged 51, joined the Group in September 2015. Mr. Chan currently holds the position of General Counsel of the Group. Mr. Chan is responsible for giving legal advice on all legal matters of the Group. Mr. Chan is a qualified solicitor in Hong Kong and a member of The Law Society of Hong Kong. Mr. Chan holds a Bachelor of Laws Degree from the University of London and the Postgraduate Certificate in Laws from The University of Hong Kong.

financial review

OVERVIEW OF 2015 FINANCIAL RESULTS AND OTHER COMPREHENSIVE INCOME

HK$ million	**2015**	2014	% increase/ (decrease)
Revenue	**810**	1,034	(21.7%)
Gross profit	**69**	43	60.5%
Other income and gains	**34**	106	(67.9%)
Finance costs	**(42)**	(47)	(10.6%)
Loss before tax	**(76)**	(43)	76.7%
Income tax credit/(expense)	**2**	(10)	N/A
Loss for the year	**(74)**	(53)	39.6%
Other comprehensive income, net of tax	**(49)**	–	N/A

Discussions on the 2015 Financial Results and Other Comprehensive Income

The Group's reported revenues decreased by HK$224 million compared with 2014, due to decline in the sales of the telecom products, offset partly by increase in property sales in the PRC. Gross profit rose 60.5% to HK$69 million, attributable mainly to improvement in efficiency, cost savings and lower component costs. Other income and gains fell by 67.9% to HK$34 million. This was primarily driven by the absence of any fair value change on the Group's investment property in Shenzhen in 2015 as opposed to a fair value gain of HK$45 million recognised in 2014. As a result, loss before tax rose 76.7% to HK$76 million. Finance costs included HK$29 million interest and accounting discounting interest on the promissory notes, which have been fully settled by issue of the Convertible Bonds in December 2015. There was a net deferred tax credit of HK$2 million for 2015, whereas the tax provision of HK$10 million for 2014 represented mainly the deferred tax provided on the fair value gain of the investment property. The net loss after tax was HK74 million, an increase of 39.6% compared with HK$53 million in the last corresponding year.

Net other comprehensive loss reported in the Consolidated Statement of Comprehensive Income represented the unrealised exchange loss of HK$49 million arising from the translation of the accounts of the property subsidiaries in the mainland China, as a result of devaluation of RMB during the year. Since the year end, the RMB exchange rate has stabilised and the Chinese leaders have indicated that China is not in a position to devalue RMB to a large extent.

ANALYSIS BY BUSINESS SEGMENT

	Revenue				
	2015		2014		
HK$ million	Amount	Relative %	Amount	Relative %	% change
Telecom Product Business	**538**	**66.4%**	798	77.2%	(32.6%)
Child Product Trading Business	**159**	**19.6%**	171	16.5%	(7.0%)
Mainland Property Business	**113**	**14.0%**	65	6.3%	73.8%
Total	**810**	**100.0%**	1,034	100.0%	(21.7%)

	Operating profit/(loss)*		
HK$ million	2015	2014	% change
Telecom Product Business	**5**	24	(79.2%)
Child Product Trading Business	**2**	3	(33.3%)
Mainland Property Business	**(25)**	(22)	(13.6%)
Total	**(18)**	5	N/A

* The operating result represented operating profit/(loss) before finance costs, impairment of goodwill, corporate expense and taxation.

The Telecom Product Business, the largest business segment of the Group, recorded revenue of HK$538 million, fell by HK$260 million, primarily led by lower sales of telecom products due to weak demand of cordless phones and intensified competition. Despite lower revenue, the manufacturing business delivered an operating profit of HK$5 million, decreased by HK$19 million, compared with 2014. The decrease in operating profit was primarily caused by the absence of any fair value gain on investment property during the year whereas a fair value gain of HK$45 million was recorded in the comparable year. Excluding the effect of the fair value gain, this segment in fact achieved improvement in results as compared with operating loss of HK$21 million in the equivalent year. Revenue of the Child Product Trading Business decreased by 7% to HK$159 million and an operating profit of HK$2 million was recorded as compared with an operating profit of HK$3 million in 2014, due to reduction of sales.

The Mainland Property Business achieved increase in revenue of HK$48 million, as compared with 2014, as a result of higher sales of flat units, amid rebound in property demand in Anshan. Operating loss was marginally increased by HK$3 million to HK$25 million, led primarily by the continued weak property prices.

ANALYSIS BY GEOGRAPHICAL SEGMENT

	Revenue				
	2015		2014		
HK$ million	**Amount**	**Relative %**	Amount	Relative %	% Change
Europe	**372**	**45.9%**	554	53.5%	(32.9%)
Mainland China	**198**	**24.4%**	192	18.6%	3.1%
North America	**145**	**17.9%**	161	15.6%	(9.9%)
Asian Pacific and others	**95**	**11.8%**	127	12.3%	(25.2%)
Total	**810**	**100.0%**	1,034	100.0%	(21.7%)

European market continued to be the Group's largest market, contributed revenue of HK$372 million, a decrease of HK$182 million compared with 2014, caused mainly by lower sales of telecom products. This was driven by lower consumer demand in Europe as a result of the weak European economy, devaluation of euro and keen competition. Revenue from mainland China, our second largest market, broadly unchanged, which reflected the combined effect of higher property sales in Anshan, offset by lower sales of telecom products to the mainland China. Sales to North American market fell by HK$16 million, due to decrease in sales of our child products. Revenue from the Asian Pacific and other regions was HK$95 million, representing decrease of HK$32 million or 25.2% compared with 2014 due to less sales of telecom products.

FUND RAISING AND ISSUE OF THE CONVERTIBLE BONDS

During the year, the Company raised net proceeds of HK$104 million by placing 4,280,000,000 new shares under the general mandate of the Company. The net proceeds have been applied as to approximately HK$65 million for working capital of the Group's manufacturing business and mainland property business, HK$9 million for general working capital of the Group and HK$30 million for capital injection into the newly established internet finance PRC subsidiary. The application of the placing proceeds are in line with the proposed usage of funds for general working capital and any possible business development and investment of the Group as disclosed in the Company's announcement dated 11 May 2015.

In December 2015, all the promissory notes with principal amount of approximately HK$1,096 million have been cancelled to settle the consideration for issue of the Convertible Bonds with the same principal amount as the promissory notes. The Convertible Bonds have a term of three years from date of issue, are interest-free and are not redeemable. The Convertible Bonds entitle the bondholders to convert into shares of the Company at the initial conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms of the Convertible Bonds). During the year, Convertible Bonds with the principal amount of HK$180 million were converted into the Shares. The settlement of the promissory notes have substantially improved the financial position of the Group and also reduce interest expenses in the future.

OVERVIEW OF SIGNIFICANT CHANGES TO KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$ million	2015	2014	% increase/ (decrease)
Property, plant and equipment	**151**	178	(15.2%)
Prepaid land lease payments	**40**	41	(2.4%)
Investment properties	**333**	333	0.0%
Goodwill	**80**	–	N/A
Properties under development	**–**	292	(100.0%)
Completed properties held for sale	**983**	739	33.0%
Prepayments, deposits and other receivables	**345**	312	10.6%
Current and non-current pledged time deposits	**109**	193	(43.5%)
Cash and cash equivalents	**185**	208	(11.1%)
Current and non-current interest-bearing bank and other borrowings	**364**	530	(31.3%)
Deferred tax liabilities	**110**	115	(4.3%)
Promissory notes	**–**	985	(100.0%)
Equity attributable to owners of the parent	**1,583**	420	276.9%
— Share Capital	**923**	654	41.1%
— Convertible Bonds	**916**	–	N/A
— Reserves	**(256)**	(234)	9.4%

Discussions on significant changes to key items in Consolidated Statement of Financial Position

As at 31 December 2015, the property, plant and equipment balance decreased by HK$27 million, compared with 31 December 2014, attributable mainly to depreciation for the year. The prepaid land lease reduced by HK$1 million, due to the amortisation for the year.

The balance of the investment properties at year end was HK$333 million, same as balance brought forward from 2014 as there was no fair value change during the year.

Goodwill of HK$80 million was recognised on the acquisition of the internet finance service business, which is expected to commence business in 2016.

There was no balance of the properties under development as at 31 December 2015 because Evian Villa Phase 2 has been completed and all the development costs of the project have been transferred to completed properties held for sale during the year. This resulted in the increase of completed properties balance of HK$244 million or 33.0%, after netting off the cost of properties sold during the year.

Prepayments, deposits and other receivables balance was broadly unchanged. This account balance included a prepayment at carrying value of HK$299 million for the acquisition of the land use right of Evian Garden.

Pledged deposits fell by HK$84 million, primarily due to unwinding of the RMB deposits pledged to secure equivalent amount of Hong Kong dollar loan in order to reduce our exposure to RMB devaluation.

Cash balance reduced by 11.1% to HK$185 million at the end of 2015. The funds raised from placing of new shares during the year has been used primarily to finance working capital of the Group's business and capital injection into internet finance service company.

Bank and other borrowings decreased by HK$166 million, or 31.3%, as a result of net repayment of bank loans (including the Hong Kong dollar loans secured by RMB deposits) during the year.

Deferred tax liabilities were HK$110 million, broadly unchanged as 2014. This balance comprised estimated deferred tax liability arising from the assignment of the Anshan property projects into the Group in 2013 and deferred tax liability on the fair value gain of the investment property.

All the promissory notes were cancelled at the end of 2015 as settlement of the consideration for subscription of convertible bonds by the note holders. The settlement of the promissory notes has greatly improved the Group's financial position.

Equity attributable to owners of the parent surged HK$1,163 million to reach HK$1,583 million due to the combined effect of the followings:

(a) increase of the share capital by approximately HK$269 million due to issue of placing shares, issue of consideration shares for acquisition of the internet finance service business, conversion shares issued upon conversion of the Convertible Bonds and issue of shares upon exercise of share options;

(b) the accounting of the outstanding Convertible Bonds not yet converted at year end as equity at fair value, as the Convertible Bonds are not redeemable and do not constitute liability of the Company;

(c) increase of the negative reserves due primarily to loss incurred during the year offset partly by increase in share premium arising from issue of placing shares and the consideration shares.

CAPITAL STRUCTURE AND GEARING RATIO

	2015		2014	
HK$ million	**Amount**	**Relative %**	Amount	Relative %
Bank borrowings	**362**	**18.6%**	529	55.7%
Finance lease payables	**2**	**0.1%**	1	0.1%
Total borrowings	**364**	**18.7%**	530	55.8%
Equity including the convertible bonds	**1,583**	**81.3%**	420	44.2%
Total capital employed	**1,947**	**100.0%**	950	100.0%

The Group's gearing ratio was 18.7% as at 31 December 2015, significantly improved from the gearing ratio of 55.8% at the corresponding balance sheet date, mainly as a result of issue of the Convertible Bonds categorised as equity and reduction of bank borrowings.

The Group's outstanding bank and other borrowings decreased to HK$364 million as at 31 December 2015 (2014: HK$530 million), due to net repayment of bank loans during the year. The maturity profile of the outstanding borrowings falling due within one year, in the second to the fifth year amounted to HK$296 million and HK$68 million respectively (2014: HK$475 million and HK$55 million respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	2015	2014
Current assets	**1,813**	2,041
Current liabilities	**660**	1,032
Current ratio	**274.7%**	197.8%

Current ratio improved to 274.7% (2014: 197.8%), primarily driven by reduction of trade and bills payables and short-term bank borrowings. Among the total cash balance of HK$294 million, deposits with an aggregate amount of HK$109 million (2014: HK$193 million) were pledged for banking facilities.

In view of the Group's current cash position and the unutilised banking facilities available, the Group continued to maintain a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

The Group has no capital commitment as at 31 December 2015 (2014: HK$2 million).

TREASURY MANAGEMENT

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the financial year 2015, the Group's receipts were mainly denominated in US dollar and RMB. Payments were mainly made in Hong Kong dollar, US dollar and RMB. Cash was generally placed in short-term deposits denominated in Hong Kong dollar and RMB. In 2015, the Group's borrowings were mainly denominated in Hong Kong dollar, US dollar and RMB and interest on the borrowing was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as the interest rates currently remain at low level. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar and RMB in terms of receipts and the RMB in terms of expenditures. Since the Hong Kong dollar remains pegged to the US dollar, the exchange exposure to US currency is minimal.

As for RMB exposure, the current devaluation of RMB benefits our manufacturing business as our factory wages and overhead are paid in RMB. We have already unwound the previous arrangement of pledging RMB deposits for HK dollar loans, in order to reduce our exposure to RMB devaluation. As the mainland property business incurred loss in 2015, the impact of the devaluation of RMB to the profit and loss of the Group was not material at present. The Group has not entered into any high-risk exchange derivatives.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

Save for the acquisition of the subsidiaries to be engaged in the internet finance business, the Group did not acquire or dispose of any material subsidiaries and associates during the year under review.

SIGNIFICANT INVESTMENT

Save as disclosed in the financial review of this announcement, the Group did not hold any significant investment as at 31 December 2015 (2014: Nil).

PLEDGE OF ASSETS

As at 31 December 2015, certain of the Group's assets with a net book value of HK$1,122 million (2014: HK$963 million), net asset value of HK$385 million of a subsidiary of the Company (2014: HK$289 million) and time deposits of the Group of HK$109 million (2014: HK$193 million) were pledged to secure the general banking facilities granted to the Group to finance operations.

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2015 was 1,492 (2014: 3,404). The reduction in the number of employees was primarily resulted from the restructuring and downsizing of the Group's manufacturing operations. The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2015, there were outstanding share options of 15,000,000 shares.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band and the respective number of employees for the year ended 31 December 2015 are set out below:

	Number of employees
Nil–$1,000,000	2
$1,000,001–$2,000,000	2
$2,000,001–$3,000,000	1
	5

sustainable operations and development

SUSTAINABILITY STRATEGY

The Group regards sustainability as a core strategy in maintaining and developing the Company for the long term and our efforts in fulfilling corporate social responsibility will contribute to the long term value to the Company and the community in which we operate.

ENVIRONMENTAL PROTECTION AND PRODUCT SAFETY

Our environmental objective is to operate and develop our business in a manner that minimises the impacts to the environment and natural resources. We endeavor to improve our operation efficiency and our products in order to maximise productivity and minimize wastages. Our policy is to ensure that our operations comply with relevant environmental laws, rules and regulations. As for product quality and safety, we provide high quality products and comply fully with the relevant international and local health, quality and safety standards.

Our factory is compliant of ISO9001 and ISO 14001. Our factory runs the **RoHS** program (The restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment), **WEEE** program (Waste of Electrical and Electronic Equipment — Recycle of waste labelling for all products) and **REACH** program (a program for the restriction of use of banned materials). We have obtained relevant safety and quality certifications for our products.

As for our mainland property projects, we commit to pursue excellence in our products and services. The property projects are designed and built in strict compliance with all the relevant laws and regulations regarding environmental protection and safety. Construction material are carefully selected to meet a high standard of safety and quality which at least comply with the local standard and even higher.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

It is the Company's policy to comply with all the relevant laws and regulations in the places where we operate. The management always keeps abreast of the latest development in the laws and regulations which are relevant and have a significant impact on the Group. During the year, there was no significant non-compliance of any laws, regulations or rules that have a significant impact on the Group and its operations.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group has committed to produce and deliver premium products and services to customers to meet their satisfaction and expectation.

With our 25 years' manufacturing experience in telecom and electronic products, we have established a long history of partnership relationship with our customers and suppliers. We work closely and strategically with our customers from product design to the manufacturing of the final products to ensure that the products will meet with market expectation at the competitive prices.

As for Mainland Property Business, CCT Land strives in delivering premium customer experience with superior products and excellent service. We have established a very good reputation as a quality developer with strong financial position and support from the Hong Kong holding company. We regard our customers as friends, care their needs with heart and provide valued-added after-sale services. Social and caring activities are held for customers from time to time to promote customer relationship and loyalty. Our efforts have generated benefits to the goodwill and promote sales of our property units as over 50% of new sales of flats came from referral from existing customers.

RELATIONSHIP WITH EMPLOYEES

We treasure our employees which are one of the most valuable assets to the Group. We offer competitive remuneration package, provident fund, welfare and benefits and comply with all the relevant labour laws and regulations which apply to our operations. Our key management personnel have worked with the Group for a long time.

We encourage staff training and development. Hong Kong employees are encouraged to join external training in job-related courses, seminars and programmes. A comprehensive training programme is in place for new workers in China. In addition, training courses and seminars are organized for different grades of employees from time to time.

Our factory has provided various sport and recreational facilities for enjoyment of employees during their leisure time. A staff club has been established, which organize various recreational and social activities from time to time for the staff and workers.

WORKPLACE QUALITY

The Group has placed significant resources in providing a safe, healthy, clean and comfortable workplace for our employees, in Hong Kong and in China. A safety committee has been established in our factory to maintain and monitor safety of the production facilities and the quarters and living areas of workers.

corporate information

COMPANY NAME
CCT Land Holdings Limited

BOARD OF DIRECTORS

Executive Directors
Mak Shiu Tong, Clement *(Chairman and CEO)*
Cheng Yuk Ching, Flora *(Deputy Chairman)*
Tam Ngai Hung, Terry
Huanfei Guan
Lai Mei Kwan

Independent Non-executive Directors
Chow Siu Ngor
Lau Ho Kit, Ivan
Tam King Ching, Kenny

COMPANY SECRETARY
Tam Ngai Hung, Terry

PRINCIPAL BANKERS
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Hang Seng Bank Limited

SOLICITORS
Sidley Austin

AUDITORS
Ernst & Young, Certified Public Accountants

FINANCIAL YEAR END
31 December

REGISTERED OFFICE
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

TELEPHONE NUMBER
+852 2102 8138

FAX NUMBER
+852 2102 8100

COMPANY WEBSITE
www.cctland.com

STOCK CODE
261

corporate governance report

CORPORATE GOVERNANCE

The Company has always recognised the importance of the Shareholders' transparency and accountability. It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders.

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the financial year ended 31 December 2015, except for the following minor deviations from the Code Provisions of the CG Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

There is no separation of the roles of chairman and chief executive officer of the Company and hence the Company has not complied with the Code Provision A.2.1 during the financial year ended 31 December 2015.

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. Mr. Mak is an executive of high caliber with a wide range of skills and diversified business expertise. He has substantial experience, strong leadership and a firmly established reputation in the diversified business that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board composes of other Executive Directors (including the Chairman) and three INEDs with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the managing director and the general managers of the Company's major operating subsidiaries are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. Furthermore, the Board believes that the combined roles of Mr. Mak enhance the communication between the Board and the management and ensure the effective execution of the Board's strategy by the management because of Mr. Mak's extensive business experience.

Code Provision A.4.2

The Code Provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the bye-laws of the Company, any Director appointed to fill a casual vacancy shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy of Directors seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM of the Company is less than one year and is considered to be short.

Pursuant to the bye-laws of the Company, the Chairman and the managing Director (who is currently assumed by Mr. Mak Shiu Tong, Clement) shall not be subject to retirement by rotation or not be taken into account in determining the number of Directors to retire in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Group. On the other hand, the Board will ensure that all Directors save for the Chairman will rotate at least once every three years in order to comply with the Code Provision A.4.2.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the financial year ended 31 December 2015.

THE BOARD

Responsibilities, accountabilities and contributions

The Board is charged with the responsibility for the promotion of the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company.

Matters reserved for the Board's decision include those relating to:

— the strategic direction and policies of the Group;

— the objectives of the Group;

— monitoring the performance of the management of the Group;

— ensuring prudent and effective internal control and risk management systems are in place;

— material bank facilities arrangements;

— material acquisitions and disposals of assets and significant investments;

— material transactions with connected persons;

— material corporate finance transactions including but not limited to placing or sale of shares or convertible bonds, corporate restructuring, take-over, including approval of the announcements and the circulars;

— reviewing and approving interim and annual financial statements, declaration of dividends;

— appointment, re-appointment of auditors and determination of their remuneration;

— reviewing and determination of the terms and remuneration of the Directors; and

— performing the corporate governance duties of the Company.

THE BOARD *(continued)*

Responsibilities, accountabilities and contributions *(continued)*

The management of the Group was delegated the authority and responsibility by the Board for day-to-day management of the businesses of the Group, with division heads responsible for different aspects of the business. The Board meets at least four times each year and meets as and when required. Appropriate and sufficient information including notices were provided to the Board's members in a timely manner. During the financial year ended 31 December 2015, the Board held 37 meetings.

The Board members have also attended the Shareholders' meeting to answer questions from Shareholders. During the financial year ended 31 December 2015, the Company held four Shareholders' meetings. The attendance of each of the Directors at the Board's meetings (either in person or by phone) and at the Shareholders' meetings is set out as follows:

	Number of Meetings Attended/Held	
Name of the Directors	**Board**	**Shareholders**
Mak Shiu Tong, Clement	26/37	4/4
Cheng Yuk Ching, Flora	36/37	2/4
Tam Ngai Hung, Terry	37/37	4/4
William Donald Putt	15/15	0/1
Ong Ban Poh, Michael	13/30	3/4
Huanfei Guan	12/26	1/4
Lai Mei Kwan	17/22	1/3
Chow Siu Ngor	36/37	2/4
Lau Ho Kit, Ivan	35/37	3/4
Chen Li	19/19	0/1
William Robert Majcher	13/18	1/3

The company secretary of the Company is responsible for taking minutes of the Board's meetings and all Board's minutes are open for inspection by the Directors upon reasonable notice.

The Directors have access to relevant and timely information and, upon reasonable request, may seek independent professional advice in appropriate circumstances, at the Company's expenses. Appropriate insurance cover has been arranged in respect of the legal action against the Directors and the management of the Group. The Board considers that the Group has sufficient and appropriate liability insurance to cover the Directors and the management of the Group against any legal liability arising from their performance of duties.

THE BOARD *(continued)*

Board's Composition

As at the date of this Annual Report, the Board was composed of five Executive Directors, and three INED. The biographical details of all current Directors are set out in the Board of Directors and Senior Management section of this Annual Report. During the period from 1 January 2015 to the date of this Annual Report, there were the following changes to the composition of the Board:

Name of Directors	Details of changes
Mr. Ong Ban Poh, Michael	Appointed as an executive Director with effect from 16 April 2015 and resigned on 29 February 2016
Mr. Huanfei Guan	Appointed as an executive Director with effect from 11 May 2015
Ms. Lai Mei Kwan	Appointed as an executive Director with effect from 26 May 2015
Mr. William Robert Majcher	Appointed as an INED and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 17 June 2015 and resigned on 29 February 2016
Dr. William Donald Putt	Resigned as an executive Director with effect from 26 May 2015
Mr. Chen Li	Resigned as an INED and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 17 June 2015
Mr. Tam King Ching, Kenny	Appointed as an INED and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 29 February 2016

The Board's composition has maintained a balance and diversity of skills, expertise, experience and qualifications appropriate of the requirements, promotion and development of the businesses of the Group.

All the Directors are appointed for a specific term of not more than three years. Save for the Chairman and the managing Director (both roles currently being assumed by Mr. Mak Shiu Tong, Clement) who shall not be subject to retirement by rotation nor shall he be taken into account in determining the number of Directors to retire in each year, all the other directors (including INEDs) are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the bye-laws of the Company.

Directors give sufficient time and attention to the Group's affairs. The Company also requires the Directors to disclose to the Company annually and in a timely manner for any change, the number and the nature of offices held in public companies or organizations and other significant commitments with indications of the time involved.

The Company has received annual confirmation of independence for the year ended 31 December 2015 from the three INEDs of the Company in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all INEDs of the Company are independent within the definition of the Listing Rules.

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a sufficient number of the INEDs, at least an INED with appropriate professional qualifications or accounting or related financial management expertise and the number of INEDs representing at least one-third of the Board throughout the financial year ended 31 December 2015.

None of the members of the Board has any financial, business, family or other material/relevant relationships with each other.

THE BOARD *(continued)*

Directors' continuing professional development

A newly appointed Director is provided with necessary induction and information to ensure he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities under the Listing Rules and the other applicable regulatory requirements. The Company also provides Directors with updates and briefings on the latest developments and changes regarding the Listing Rules and other applicable regulatory requirements from time to time so as to ensure compliance and enhance their awareness of good corporate governance practices. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are requested to provide the Company with a record of the training they received.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2015 is as follows:

	Type of Continuous Professional Development	
Name of the Directors	**Receiving updates and briefings from the Company/ self-study**	**Attending seminar(s)/ conference and/or forums organized by external parties**
Mak Shiu Tong, Clement	✓	
Cheng Yuk Ching, Flora	✓	
Tam Ngai Hung, Terry	✓	✓
William Donald Putt	✓	
Ong Ban Poh, Michael	✓	
Huanfei Guan	✓	
Lai Mei Kwan	✓	
Chow Siu Ngor	✓	✓
Lau Ho Kit, Ivan	✓	✓
Chen Li	✓	
William Robert Majcher	✓	

The training participated by the Directors in 2015 is relevant to their duties and responsibilities as a director of the Company.

THE CHAIRMAN AND THE CEO

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. The reasons for the deviation from the Code Provision A.2.1 under the CG Code are set out in the section headed "Corporate Governance" above. Mr. Mak is responsible for the leadership of the Board, corporate planning and strategic direction of the Group and takes a leading role in managing the businesses of the Group.

RE-ELECTION AND RETIREMENT OF THE DIRECTORS

The bye-laws of the Company provide that (i) one-third (or the number nearest to one-third) of the Directors (except the Chairman and the managing Director) shall retire from office by rotation and be eligible for re-election at each AGM of the Company; and (ii) any Director appointed by the Board, either to fill a casual vacancy on or as an addition to the existing Board, shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

BOARD COMMITTEES

The Board currently has established three committees, which are the Remuneration Committee, the Audit Committee and the Nomination Committee, with clearly defined written terms of reference. The main roles and responsibilities of these three committees, including all authorities delegated to them by the Board, as set out in the terms of reference, are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cctland.com in the sub-section of "Corporate Governance" under the section of "Investor Information".

Remuneration Committee

The Remuneration Committee was established in 2005 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The main responsibilities of the Remuneration Committee include, inter alia, (i) making recommendations to the Board on the policy and structure for the remuneration of the Directors and senior management of the Group; (ii) reviewing the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) making recommendations to the Board on the remuneration package of individual Executive Directors and senior management of the Group (adopting the approach described under Code Provision B.1.2 (c) of the CG Code); (iv) reviewing and making recommendations to the Board the fees payable to the INEDs of the Company; and (v) reviewing and making recommendations to the Board the compensation, if any, payable to Executive Directors and senior management in connection with any loss or termination of office or appointment.

The Remuneration Committee is composed of five members who are the three INEDs and two executive Directors. During the period from 1 January 2015 to the date of this Annual Report, the members of the Remuneration Committee were Mr. Chow Siu Ngor (INED), Mr. Lau Ho Kit, Ivan (INED), Mr. Chen Li (INED) (served the committee from 1 January 2015 to the date of resignation on 17 June 2015), Mr. William Robert Majcher (INED) (served the committee from date of appointment on 17 June 2015 to date of resignation on 29 February 2016), Mr. Tam King Ching, Kenny (INED) (served the committee since the date of his appointment on 29 February 2016), Mr. Mak Shiu Tong, Clement (executive Director) and Mr. Tam Ngai Hung, Terry (executive Director). The Remuneration Committee is currently chaired by Mr. Chow who is an INED.

During the financial year ended 31 December 2015, the Remuneration Committee held one meeting and its main work during 2015 included:

(i) reviewing and making recommendations to the Board on the policy and structure for the remuneration of the Directors and senior management of the Group; and

(ii) reviewing the renewal of letters of appointment of Directors.

For the sake of good corporate governance practice, none of the members of the Remuneration Committee participated in the discussions and decision on matters relating to his or her remuneration.

BOARD COMMITTEES *(continued)*

Remuneration Committee *(continued)*

The attendance record of the members at meeting of the Remuneration Committee in 2015 is set out as follows:

Members of the Remuneration Committee	Number of meeting attended/held
Chow Siu Ngor	1/1
Lau Ho Kit, Ivan	1/1
Chen Li	1/1
William Robert Majcher	0/0
Mak Shiu Tong, Clement	1/1
Tam Ngai Hung, Terry	1/1

The Group provides competitive remuneration packages to the Directors and senior management. The emoluments of Directors are determined based on skill, knowledge, experience and performance of the Directors and achievements and performance of the Company and taking into account market conditions. In addition, approved share option scheme has been established to provide incentives and rewards to eligible participants who include Directors and senior management.

Audit Committee

The Company has established the Audit Committee since 2002 with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to ensure the objectivity and credibility of the Company's financial reporting, risk management and internal control systems as well as to maintain an appropriate relationship with the external auditors of the Company.

The main responsibilities of the Audit Committee include, inter alia, (i) reviewing the financial statements of the Group's interim and annual reports before submitting them to the Board for approval; (ii) reviewing and making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and the terms of engagement including the remuneration of the external auditors; (iii) discussing with the external auditors the nature and scope of the audit; (iv) monitoring and assessing the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with the applicable standards; (v) reviewing and monitoring the financial reporting and the reporting judgment contained in them; (vi) reviewing the financial controls, risk management and internal control systems (including the adequacy of resources, and the effectiveness of the financial and internal audit function); and (vii) to review the Group's accounting policies and practices and any changes of them with the management of the Group, and the internal and external auditors of the Company.

The Audit Committee is composed of three members who are the three INEDs. During the period from 1 January 2015 to the date of this Annual Report, the members of the Audit Committee were Mr. Chow Siu Ngor (INED), Mr. Lau Ho Kit, Ivan (INED), Mr. Chen Li (INED) (served the committee from 1 January 2015 to the date of resignation on 17 June 2015), Mr. William Robert Majcher (INED) (served the committee from date of appointment on 17 June 2015 to date of resignation on 29 February 2016) and Mr. Tam King Ching, Kenny (INED) (served the committee since the date of his appointment on 29 February 2016). Each of Mr. Lau Ho Kit, Ivan and Mr. Tam King Ching, Kenny is a qualified accountant with extensive accounting and financial experience. The Audit Committee is currently chaired by Mr. Lau. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the external auditors and all employees of the Company.

BOARD COMMITTEES *(continued)*

Audit Committee *(continued)*

The Audit Committee has been provided with sufficient resources to perform its duties.

During the financial year ended 31 December 2015, the Audit Committee held four meetings and its main work during 2015 included reviewing:

(i) the 2014 annual report, including the Corporate Governance Report, Directors' Report and the Financial Statements, as well as the related results announcement;

(ii) the 2015 interim report and interim results announcement;

(iii) the plans, reports, fees, involvement in non-audit services and terms of engagement of the external auditors;

(iv) the plans, resources and work of the Company's internal auditors; and

(v) the adequacy and effectiveness of the Company's financial reporting system, the system of internal controls in operation, risk management system and associated procedures within the Group.

The attendance record of the members at the meetings of the Audit Committee in 2015 is set out as follows:

Members of the Audit Committee	**Number of meetings attended/held**
Lau Ho Kit, Ivan	4/4
Chow Siu Ngor	4/4
Chen Li	2/2
William Robert Majcher	2/2

Nomination Committee

The Company has established a Nomination Committee since 29 March 2012 with specific written terms of reference in line with the Code Provisions under the CG Code. The main responsibilities of the Nomination Committee include, inter alia, (i) reviewing the structure, size and composition (including the skills and knowledge and experience) of the Board at least annually; (ii) making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (iii) identifying individuals suitably qualified to become board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of INEDs; and (v) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

The Board has adopted a Board Diversity Policy in August 2013 which sets out the approach to achieve diversity on the Board. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. As from the adoption of the Board Diversity Policy, the Company seeks to achieve Board diversity through a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will renew the Board Diversity Policy, as appropriate to ensure its continued effectiveness from time to time.

BOARD COMMITTEES *(continued)*

Nomination Committee *(continued)*

The Nomination Committee is composed of five members who are the three INEDs and two executive Directors. During the period from 1 January 2015 to the date of this Annual Report, the members of the Nomination Committee were Mr. Chow Siu Ngor (INED), Mr. Lau Ho Kit, Ivan (INED), Mr. Chen Li (INED) (served the committee from 1 January 2015 to the date of resignation on 17 June 2015), Mr. William Robert Majcher (INED) (served the committee from date of appointment on 17 June 2015 to date of resignation on 29 February 2016), Mr. Tam King Ching, Kenny (INED) (served the committee since the date of his appointment on 29 February 2016), Mr. Mak Shiu Tong, Clement (executive Director) and Mr. Tam Ngai Hung, Terry (executive Director). The Nomination Committee is currently chaired by Mr. Mak. The nomination of the new Directors during the year has broadened the diversity of the Board's composition in the perspectives of gender, age, cultural and educational background, ethnicity, professional experience, skills knowledge and length of service.

During the financial year ended 31 December 2015, the Nomination Committee held five meeting and its main work during 2015 included:

(i) reviewing the structure, size, composition and diversity of the Board;

(ii) assessing the independence of the INEDs of the Company; and

(iii) nomination of new Directors to be appointed to the Board.

The attendance record of the members at the meeting of the Nomination Committee in 2015 is set out as follows:

Members of the Nomination Committee	Number of meetings attended/held
Chow Siu Ngor	5/5
Lau Ho Kit, Ivan	5/5
Chen Li	5/5
William Robert Majcher	0/0
Mak Shiu Tong, Clement	5/5
Tam Ngai Hung, Terry	5/5

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties which include (i) developing, reviewing and approving the Company's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2015, the Board held one meeting to develop and review the Company's policy and practice on corporate governance and to perform other corporate governance duties stated in the paragraph above. The attendance record of the members of the Board at the corporate governance meeting in 2015 is set out as follows:

Directors	Number of meeting attended/held
Mak Shiu Tong, Clement	1/1
Cheng Yuk Ching, Flora	1/1
Tam Ngai Hung, Terry	1/1
William Donald Putt	1/1
Ong Ban Poh, Michael	0/0
Huanfei Guan	0/0
Lai Mei Kwan	0/0
Chow Siu Ngor	1/1
Lau Ho Kit, Ivan	1/1
Chen Li	1/1
William Robert Majcher	0/0

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company, Ernst & Young, for the year ended 31 December 2015 is set out as follows:

Services rendered	Fees paid/payable HK$'000
Audit services	2,000
Non-audit services:	
Tax compliance services	77
Other services	–
Total	2,077

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The statement of the external auditors of the Company, Ernst & Young, with regard to their reporting responsibilities on the Company's financial statements is set out in the section headed "Independent Auditors' Report" in this Annual Report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL AND INTERNAL AUDIT

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's risk management and internal control systems on an ongoing basis and reviewing their effectiveness. The Group's risk management and internal control systems have been designed for safeguarding assets, maintaining proper accounting records and ensuring reliability of the financial information. The Board also reviews and considers the adequacy of resources, staff qualifications and experience, and training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

The Company has established the internal audit department for many years and the department performs risk-based audit on the effectiveness of the internal control system of the Group. The internal audit team of the Company reports to the Chairman. The annual audit plan of the internal audit department is reviewed and approved by the Audit Committee and summary of major audit findings and control weaknesses, if any, and follow-up actions are reviewed by the Audit Committee.

COMPANY SECRETARY

Mr. Tam Ngai Hung, Terry who is the Executive Director, has been appointed as the company secretary of the Company since 10 May 2012. The biographical details of Mr. Tam are set out under the section headed "Directors and Senior Management".

Mr. Tam has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2015.

SHAREHOLDERS' RIGHTS

Right to convene special general meeting

Shareholder(s) may convene a special general meeting on requisition, as provided by the Companies Act 1981 of Bermuda.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board and all such enquiries can be addressed to the Company Secretarial Department of the Company by mail to 31/F., Fortis Tower, 77-79 Gloucester Road, Hong Kong.

Right to put forward proposals at general meetings

Pursuant to Article 103 of the Company's bye-laws, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a nomination notice signed by such Shareholder(s) individually or collectively holding not less than one-tenth of the then total paid up capital of the Company as at the date of the nomination notice carrying the right of attending and voting at the general meeting of the Company for which such nomination notice is given of his intention to propose such person(s) for election and also a written notice signed by each person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the number of candidates to be nominated by the qualified Shareholder individually or the group of qualified Shareholders collectively for election at any general meeting shall be limited to three (3), subject to the maximum number of Directors of the Company, if any, and provided that the minimum length of the period during which such written notices are given, shall be at least seven (7) days and that (if the written notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such written notices shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

report of the directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the design and development, manufacture and sale of telecom, electronic and infant and baby products, trading and sale of child products, and property development in Mainland China. The Group has acquired the internet finance service business during the year.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out on pages 2 to 5 and pages 9 to 17.

RESULTS

The Group's loss for the year ended 31 December 2015 and the Group's financial position at that date are set out in the financial statements on pages 49 to 121.

FIVE YEAR 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/reclassified as appropriate, is set out on page 124. This summary does not form part of the audited financial statements.

EQUITY-LINKED AGREEMENT

During the year, the Company entered into the Subscription and Settlement Agreement with and among CCT Fortis, Jade Assets, CCT Securities, and Glory Merit in relation to the issue and subscription of the Convertible Bonds with aggregate principal amount of HK$1,095,671,000 in settlement of the promissory notes previously due by the Company to Jade Assets and Glory Merit. The Convertible Bonds are interest-free, have a term of three years from the date of issue and are not redeemable. Subject to the CB Conditions, bondholder(s) of the Convertible Bonds has a right to convert the Convertible Bonds into the Shares at the initial conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the CB Conditions). The conversion shares will be allotted and issued upon conversion of the Convertible Bonds, credited as fully paid and will rank pari passu with all existing shares of the Company.

EQUITY-LINKED AGREEMENT *(continued)*

The Subscription and Settlement Agreement was approved by the independent shareholders of the Company on 4 December 2015 and listing approval has been granted by the Listing Committee of the Stock Exchange to permit the listing and dealing of the conversion shares. The Convertible Bonds with the aggregate principal amount of HK$1,095,671,000 were issued on 7 December 2015, of which Convertible Bonds with aggregate principal amount of HK$795,671,000 were issued to CCT Securities and Convertible Bonds with aggregate principal amount of HK$300,000,000 were issued to Glory Merit. Details of movements and conversions of the Company's Convertible Bonds during the year are set out in note 32 to the financial statements.

Other than the Convertible Bonds disclosed above and the share option scheme disclosed in other section of this directors' report, no other equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

SHARE CAPITAL

In December 2015, an ordinary resolution was passed at a special general meeting of the Company to increase the Company's authorised share capital from HK$1,200,000,000 divided into 120,000,000,000 shares to HK$3,000,000,000 divided into 300,000,000,000 shares by the creation of an additional 180,000,000,000 shares of HK$0.01 each which rank pari passu with all existing shares of the Company.

During the year, the Company issued shares as follows:

(i) a total of 4,280,000,000 new Shares were placed by the Company through an independent placing agent under the Company's general mandate at a price of HK$0.025 per share, fully paid upon issue, to not less than six independent placees which are professional, institutional, and/or individual investors.

(ii) an aggregate of 585,000,000 new Shares were allotted and issued at the exercise price of HK$0.01 per Share upon the exercise of 585,000,000 share options.

(iii) a total of 4,000,000,000 new Shares were issued by the Company under the Company's general mandate at a price of HK$0.017 per share, credited as fully paid upon issue, as consideration to acquire the entire issued share capital of a target company which will be engaged in internet finance business, from an independent third party.

(iv) a total of 18,000,000,000 new Shares were issued under the Company's specific mandate at a price of HK$0.01 per share, credited as fully paid upon issue, to the bondholders upon conversion of the Convertible Bonds of the aggregate principal amount of HK$180,000,000.

Details of the shares issued by the Company during the year are disclosed in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

Save for the new Shares as placed, allotted and issued as mentioned in the "Share Capital" section of this directors' report, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed Shares during the year.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company had no reserve available for distribution in accordance with the provisions of the Companies Act 1981 of Bermuda. The Company's share premium account, in the amount to HK$341 million, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions (2014: Nil)

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total			
	Sales		Purchases	
	2015	2014	**2015**	2014
Largest customer	**20%**	31%		
Five largest customers in aggregate	**55%**	61%		
Largest supplier			**7%**	12%
Five largest suppliers in aggregate			**24%**	33%

CCT Fortis, a former controlling shareholder of the Company, had beneficial interests in one (2014: one) of the five largest suppliers of the Group.

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

DIRECTORS

The Directors during the year and up to the date of this Annual Report were as follows:

Executive Directors:
Mak Shiu Tong, Clement
Cheng Yuk Ching, Flora
Tam Ngai Hung, Terry
Ong Ban Poh, Michael (appointed on 16 April 2015 and resigned on 29 February 2016)
Huanfei Guan (appointed on 11 May 2015)
Lai Mei Kwan (appointed on 26 May 2015)
William Donald Putt (resigned on 26 May 2015)

Independent non-executive Directors:
Chow Siu Ngor
Lau Ho Kit, Ivan
Chen Li (resigned on 17 June 2015)
William Robert Majcher (appointed on 17 June 2015 and resigned on 29 February 2016)
Tam King Ching, Kenny (appointed on 29 February 2016)

In accordance with the bye-laws of the Company, Ms. Cheng Yuk Ching, Flora, Mr. Tam Ngai Hung, Terry and Mr. Lau Ho Kit, Ivan, together with the newly appointed Directors during the year, namely Mr. Huanfei Guan, Ms. Lai Mei Kwan and Mr. Tam King Ching, Kenny will retire and, being eligible, offer themselves for re-election at the forthcoming AGM of the Company.

In accordance with the bye-laws of the Company, save for the Chairman and the managing Director (both roles currently being assumed by Mr. Mak Shiu Tong, Clement), who is not subject to retirement by rotation and is not taken into account in determining the number of Director to retire, all Directors are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the bye-laws of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 6 to 8 of this Annual Report.

DIRECTORS' REMUNERATION

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

DIRECTORS' SERVICE CONTRACTS

During the year, no Director had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

SHARE OPTION SCHEME

At the AGM of the Company held on 27 May 2011, the shareholders of the Company approved the adoption of the 2011 Scheme. The adoption of the 2011 Scheme was also approved on 27 May 2011 by the shareholders of CCT Fortis, which was then the ultimate holding company of the Company. The 2011 Scheme then became effective on 30 May 2011. This is the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any Shares on the Stock Exchange, which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the 2011 Scheme. Unless otherwise cancelled or amended, the 2011 Scheme will be valid for a period of 10 years from the date of its adoption.

The purpose of the 2011 Scheme is to enable the Company to grant share options to the eligible participants, as incentives and/or rewards for their contribution to the Group and/or any Invested Entity or the holding company of the Company (if applicable). Eligible participants of the 2011 Scheme include:

(a) any director or proposed director (whether executive or non-executive and whether independent or not), any executive, officer, employee or any person to whom any offer of employment has been made, executive or officer (whether full-time or part-time, on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) of any member of the Group, any Invested Entity or the holding company of the Company (if applicable);

(b) any supplier or provider of goods and/or services, professional, consultant, agent, contractor, adviser, customer, partner, business associate or shareholder of any member of the Group, any Invested Entity or the holding company of the Company (if applicable), or any holder of any securities issued or proposed to be issued by any member of the Group, any Invested Entity or the holding company of the Company (if applicable), who, in the sole discretion of the Board, will contribute or has contributed to the Group, the Invested Entity or the holding company of the Company (if applicable); and

(c) any person whom the Board at its sole discretion considers, will contribute or has contributed to any members of the Group, the Invested Entity or the holding company of the Company (if applicable) (as the case may be).

Pursuant to the 2011 Scheme, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the 2011 Scheme and any other share option scheme(s) of the Company must not exceed 10% of the total number of Shares in issue as at the date of adoption of the 2011 Scheme. Shares which would have been issuable pursuant to the share options which have lapsed or cancelled in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit. Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2011 Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. On 17 January 2014, the Company granted a total of 600,000,000 share options under the 2011 Scheme to the directors and the eligible participant of the Company to subscribe for the Shares at an exercise price of HK$0.01 each. As such, as at the date of this Annual Report, the total number of Shares available for issue under the 2011 Scheme is 5,941,399,399, which represents approximately 5.54% of the total issued share capital of the Company as at the date of this Annual Report.

SHARE OPTION SCHEME *(continued)*

The total number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2011 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the total number of Shares in issue as at the date of grant. Any further grant of the share options in excess of this 1% limit shall be subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the Shareholders (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) at a general meeting with such eligible participant and his/her associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval in advance by the INEDs of the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the INEDs of that listed holding company), excluding the INED(s) of the Company and its listed holding company who is/are the grantee(s) of the share options. In addition, any share option granted to a substantial shareholder or an INED of the Company, or to any of their respective associates, in excess of 0.1% of the total number of Shares in issue as at the date of grant or with an aggregate value (based on the closing price of the Shares as at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the Shareholders (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) in advance at a general meeting.

The offer of a grant of the share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than (i) 10 years from the date of grant of the share options, or (ii) the expiry date of the 2011 Scheme, whichever is earlier. There is no specific requirement under the 2011 Scheme that a share option must be held for any minimum period before it can be exercised, but the terms of the 2011 Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular share option.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of:

(i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the share options);

(ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

The Company’s share options do not confer rights on the holders to dividends or to vote at the general meetings of the Company.

SHARE OPTION SCHEME *(continued)*

The 2011 Scheme

A total of 600,000,000 share options were granted under the 2011 Scheme on 17 January 2014. No options were granted during the year ended 31 December 2015. Details of the movements of the share options granted to the Directors and the other eligible participant under the 2011 Scheme during the year were as follows:

	Number of share options								
Name or category of the participants	**Outstanding as at 1 January 2015**	**Granted during the period**	**Exercised during the period**	**Cancelled/ lapsed during the period**	**Outstanding as at 31 December 2015**	**Date of grant of the share options**	**Exercise period of the share options**	**Exercise price of the share options**	**Fair value of the share options granted to each category of participants as at the date of grant**
								HK$ per share	HK$
Executive Directors									
Cheng Yuk Ching, Flora	300,000,000	–	300,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
Tam Ngai Hung, Terry	275,000,000	–	275,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
William Donald Putt (Note 1)	5,000,000	–	5,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
	580,000,000	–	580,000,000	–	–				2,321,000
Independent non-executive Directors									
Chow Siu Ngor	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014–16/1/2024	0.01	
Lau Ho Kit, Ivan	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014–16/1/2024	0.01	
Chen Li (Note 2)	5,000,000	–	5,000,000	–	–	17/1/2014	17/1/2014–16/1/2024	0.01	
	15,000,000	–	5,000,000	–	10,000,000				60,000
Other eligible participant									
Tam King Ching, Kenny (Note 3)	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014–16/1/2024	0.01	
	5,000,000	–	–	–	5,000,000				20,000
Total	600,000,000	–	585,000,000	–	15,000,000				2,401,000

SHARE OPTION SCHEME *(continued)*

The 2011 Scheme *(continued)*

Notes:

1. Dr. William Donald Putt resigned as an executive Director with effect from 26 May 2015.
2. Mr. Chen Li resigned as an INED of the Company with effect from 17 June 2015.
3. Mr. Tam King Ching, Kenny has been appointed as an INED of the Company since 29 February 2016.

Save as disclosed above, no share options was exercised, cancelled or lapsed under the 2011 Scheme during the year ended 31 December 2015. The weighted average share price at the date of exercise for share options exercised during the year was HK$0.017 per share (2014: No share options were exercised).

The fair value of the equity-settled share options granted on 17 January 2014 was HK$2,401,000 which was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0.00
Expected volatility (%)	44.70
Historical volatility (%)	44.70
Risk-free interest rate (%)	1.37
Expected life of share options (years)	5.00
Weighted average share price (HK$ per share)	0.01

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

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

The total number of Shares of the Company available for issue upon exercise of the 600,000,000 options granted on 17 January 2014 under the 2011 Scheme was 600,000,000 Shares, at which represented approximately 0.92% of the then total issued share capital of the Company. The exercise in full of the share options in the Company would result in the issue of 600,000,000 additional ordinary shares and an additional share capital of HK$6,000,000 in the Company.

There were 15,000,000 share options outstanding under the 2011 Scheme as at the date of this Annual Report, and the total number of Shares available for issue is 15,000,000 which represented approximately 0.014% of the total issued share capital of the Company as at the date of this Annual Report.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company:

Interests and short positions in the Shares and the underlying Shares as at 31 December 2015

(i) Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest: Personal	Corporate	Total	Approximate percentage of the total issued share capital of the Company (%)
Mak Shiu Tong, Clement (Note)	–	9,000,000,000	9,000,000,000	9.75
Tam Ngai Hung, Terry	10,000,000	–	10,000,000	0.01

Note: The interest disclosed represented 9,000,000,000 Shares held by CCT Fortis through its indirect wholly-owned subsidiaries. Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Fortis through his interest in the shareholding of approximately 54.79% of the total issued share capital in CCT Fortis as at 31 December 2015.

(ii) Long positions in the underlying Shares of the share options granted under the 2011 Scheme:

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per Share HK$	Number of the share options outstanding	Number of the total underlying Shares	Approximate percentage of the total issued share capital of the Company (%)
Chow Siu Ngor	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	Below 0.01
Lau Ho Kit, Ivan	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	Below 0.01

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

Interests and short positions in the Shares and the underlying Shares as at 31 December 2015 *(continued)*

(iii) Long positions in the underlying Shares of the Convertible Bonds issued by the Company:

Name of the Director	Number of the underlying Shares interested and nature of interest			Approximate percentage of the total issued share capital of the Company
	Personal	Corporate	Total	(%)
Mr. Mak (Note)	–	70,567,100,000	70,567,100,000	76.47

Note: The interest disclosed represented 70,567,100,000 underlying Shares in respect of the Convertible Bonds issued by the Company to CCT Securities pursuant to the terms and conditions of the Subscription and Settlement Agreement. Mr. Mak is deemed to be interested in such underlying Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Fortis through his interest in the shareholding of approximately 54.79% of the total issued share capital in CCT Fortis as at 31 December 2015.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the sections headed "Share Option Scheme" and "Directors' Interests in shares and underlying shares" above, at no time during the year was the Company, or any of its holding companies, subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2015, the following persons (not being the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests and short positions in the Shares and the underlying Shares as at 31 December 2015

(i) Long positions in the Shares:

Name of the Shareholders	Number of the Shares held	Approximate percentage of the total issued share capital of the Company (%)
CCT Fortis (Note 1)	9,000,000,000	9.75
CCT Capital International Holdings Limited (Note 1)	9,000,000,000	9.75
CCT Securities (Note 1)	9,000,000,000	9.75
Glory Merit (Note 2)	9,000,000,000	9.75
Xing Wei Ping (Note 2)	9,000,000,000	9.75

Notes:

1. The interest disclosed represented 9,000,000,000 Shares held directly by CCT Securities which is a direct wholly-owned subsidiary of CCT Capital International Holdings Limited, which in turn is a direct wholly-owned subsidiary of CCT Fortis.

2. The interest disclosed represented 9,000,000,000 Shares held directly by Glory Merit. Ms. Xing Wei Ping is deemed to be interested in such Shares under the SFO as she is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Glory Merit through her interest in the shareholding of approximately 70% of the total issued share capital in Glory Merit as at the 31 December 2015.

SUBSTANTIAL SHAREHOLDERS' INTERESTS *(continued)*

Interests and short positions in the Shares and the underlying Shares as at 31 December 2015 *(continued)*

(ii) *Long positions in the underlying Shares of the Convertible Bonds issued by the Company:*

Name of the Shareholders	Number of the underlying Shares held	Approximate percentage of the total issued share capital of the Company (%)
CCT Fortis (Note 1)	70,567,100,000	76.47
CCT Capital International Holdings Limited (Note 1)	70,567,100,000	76.47
CCT Securities (Note 1)	70,567,100,000	76.47
Glory Merit (Note 2)	21,000,000,000	22.76
Xing Wei Ping (Note 2)	21,000,000,000	22.76

Notes:

1. The interest disclosed represented 70,567,100,000 underlying Shares in respect of the Convertible Bonds issued by the Company to CCT Securities pursuant to the terms and conditions of the Subscription and Settlement Agreement. CCT Securities is a direct wholly-owned subsidiary of CCT Capital International Holdings Limited, which in turn is a direct wholly-owned subsidiary of CCT Fortis.

2. The interest disclosed represented 21,000,000,000 underlying Shares in respect of the Convertible Bonds issued by the Company to Glory Merit pursuant to the terms and conditions of the Subscription and Settlement Agreement. Ms. Xing Wei Ping is deemed to be interested in such underlying Shares under the SFO as she is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Glory Merit through her interest in the shareholding of approximately 70% of the total issued share capital in Glory Merit as at 31 December 2015.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 31 December 2015, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

As at 31 December 2015, CCT Fortis held indirectly through CCT Securities a total of 9,000,000,000 shares of CCT Land, represented approximately 9.75% of the then total number of issued shares of the Company. As Mr. Mak is an executive Director of the Company, he is a connected person of CCT Land under the Listing Rules. Mr. Mak held approximately 54.79% of the total number of issued shares of CCT Fortis. As such CCT Fortis is an associate of Mr. Mak and is also a connected person of CCT Land under the Listing Rules. Transactions between CCT Land and CCT Fortis constitute connected transactions for CCT Land under the Listing Rules. During the two years ended 31 December 2015 and 2014, the Company and certain of its indirect wholly-owned subsidiaries had entered the following connected transactions and continuing connected transactions with CCT Fortis and certain subsidiaries of CCT Fortis.

		Year ended 31 December	
HK$ million	Notes	**2015**	2014
Wholly-owned subsidiaries of CCT Fortis:			
Continuing connected transactions:			
Purchase of components	(i)	**75.5**	101.8
Factory rental income	(ii)	**6.0**	6.0
Connected transactions:			
Security and guarantee for the payment, performance and discharge of all the undertakings, obligations and liabilities under the financial assistance provided by CCT Fortis Group	(iv)	**1,211.2**	–
Issuance of convertible bonds	(v)	**795.7**	–
CCT Fortis:			
Continuing connected transactions:			
Management information system service fee	(iii)	**6.0**	6.0

Notes:

(i) The components were purchased by the Group from a wholly-owned subsidiary of CCT Fortis. On 9 October 2012, the Company and CCT Fortis entered into a new manufacturing agreement (the "Component Manufacturing Agreement") to renew the terms and conditions set out in the Component Manufacturing Agreement which has a term of three years from 1 January 2013 to 31 December 2015, pursuant to which CCT Fortis agreed to manufacture through CCT Fortis Group certain plastic casings, components and any other component products and toolings for the production of telecom and electronic products for the Group.

The purchase prices of plastic casings, components and any other component products were determined based on the direct material costs plus a mark-up of no more than 250%. The tooling charges for the production of telecom and electronic products for the Group were determined based on the total costs plus a mark-up of no more than 50%.

(ii) The factory rental income was charged to Shine Best Developments Limited ("Shine Best"), an indirect wholly-owned subsidiary of CCT Fortis, by CCT Enterprise Limited ("CCT Ent"), an indirect wholly-owned subsidiary of the Company, for the provision of factory space in Huiyang, Mainland China, at rent determined in accordance with the terms and conditions set out in a tenancy agreement (the "Huiyang Tenancy Agreement") entered into between Shine Best and CCT Ent on 30 September 2011, which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014, for a term of three years from 1 January 2015 to 31 December 2017. The terms and conditions of the renewed agreement are similar to the previous agreement.

(iii) The management information system service fee was charged to CCT Fortis by the Company for the provision of general management information system support, network and software consultation and hardware maintenance services. The fee was determined in accordance with the terms and conditions set out in the agreement entered into between CCT Fortis and the Company on 30 September 2011 (the "MIS Agreement"), which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014, for a term of three years from 1 January 2015 to 31 December 2017. The terms and conditions of the renewed agreement are similar to the previous agreement.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(continued)*

Notes: (continued)

(iv) On 28 May 2015, the Deed was entered into by the Company as chargor, CCT Tech Global Holdings Limited ("CCT Global"), a wholly-owned subsidiary of the Company, as guarantor in favour of Jade Assets and CCT Fortis as chargees, under which the Company, as beneficial owner of all existing issued shares of CCT Global (the "Charged Shares"), has agreed to mortgage the Charged Shares as continuing security for the payment, performance and discharge of all the undertakings, obligations and liabilities of the Company (the "Secured Obligations") under the promissory notes and the corporate guarantees of the principal amount of HK$1,065,671,000 and HK$145,550,000 (the "Financial Assistance") provided by the CCT Fortis Group for the benefit of the Group and CCT Global has irrevocably and unconditionally agreed to guarantee the due and punctual payment of each and every sum falls due from the Company under the Secured Obligations. The Deed was approved by the independent shareholders of the Company in a special general meeting held on 6 July 2015 and has become effective since that date. Since the cancellation of the promissory notes as settlement for the issuance of the Convertible Bonds, the amounts of the security and guarantee have been reduced to approximately HK$147,000,000.

(v) On 27 October 2015 and 10 November 2015, the Company entered into an agreement and a supplementary agreement, respectively, with CCT Fortis, Jade Assets, CCT Securities and Glory Merit for the full settlement of all outstanding principal and accrued interest of the promissory notes previously due by the Company to Jade Assets and Glory Merit by issue of the convertible bonds. The principal amount of convertible bonds is HK$1,095,671,000 of which HK$795,671,000 was issued to CCT Securities and HK$300,000,000 was issued to Glory Merit. The convertible bonds are interest-free and convertible at the option of the bondholders into ordinary shares from the date of issue of convertible bonds to the third anniversary of the date of issue of convertible bonds, on the basis of one ordinary share for every HK$0.01 bond held (subject to adjustments pursuant to the terms and condition of the convertible bonds). The agreements and all the transactions contemplated under the agreements were approved by the independent shareholders of the Company in a special general meeting held on 4 December 2015 and the issue of convertible bonds was completed on 7 December 2015.

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

The transactions contemplated under the Component Manufacturing Agreement are referred to as the "Component Manufacturing Transactions". The transactions contemplated under the Huiyang Tenancy Agreement and the MIS Agreement are collectively referred to as the "Administrative Transactions".

In relation to the continuing connected transactions of the Group, the INEDs of the Company have reviewed and confirmed that:

(a) the aggregate value of the Component Manufacturing Transactions for the year ended 31 December 2015 as indicated in note (i) above did not exceed the cap amount of HK$500.0 million;

(b) the annual consideration of each of the Administrative Transactions for the year ended 31 December 2015 as indicated in notes (ii) and (iii) above did not exceed the cap amount of HK$6.0 million and HK$10.0 million, respectively;

(c) the Component Manufacturing Transactions and Administrative Transactions were entered into in the usual and ordinary course of businesses of the Group;

(d) the Component Manufacturing Transactions and Administrative Transactions were conducted on normal commercial terms; and

(e) the Component Manufacturing Transactions and Administrative Transactions were conducted in accordance with the terms of the agreements governing such transactions, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(continued)*

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the year from 1 January 2015 to 31 December 2015, except for the minor deviations from Code Provisions A.2.1 and A.4.2 of the CG Code. Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" in this Annual Report.

DISCLOSURE ON CHANGE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51(B) OF THE LISTING RULES

Mr. Chow Siu Ngor resigned as a non-executive director of REX Global Entertainment Holdings Limited (a company listed on the main board of the Stock Exchange) on 22 September 2015.

Mr. Huanfei Guan was appointed as an INED of Sunwah Kingsway Capital Holdings Limited (a company listed on the main board of the Stock Exchange) on 23 November 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the total issued share capital of the Company as required under the Listing Rules throughout the financial year under review and up to the date of this Annual Report.

AUDITORS

The financial statements for the year ended 31 December 2015 have been audited by Ernst & Young, who will retire at the forthcoming AGM of the Company. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM of the Company.

PERMITTED INDEMNITY PROVISION

The Company's bye-laws provide that each Director or other officer of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of his or her duty in office. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

ON BEHALF OF THE BOARD

Mak Shiu Tong, Clement
Chairman

Hong Kong
29 March 2016

independent auditors' report

To the shareholders of CCT Land Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CCT Land Holdings Limited (the "Company") and its subsidiaries set out on pages 49 to 121, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

To the shareholders of CCT Land Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

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

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
29 March 2016

consolidated statement of profit or loss

Year ended 31 December 2015

HK$ million	Notes	2015	2014
REVENUE	5	**810**	1,034
Cost of sales		**(741)**	(991)
Gross profit		**69**	43
Other income and gains, net		**34**	106
Selling and distribution expenses		**(24)**	(29)
Administrative expenses		**(85)**	(85)
Other expenses, net		**(28)**	(31)
Finance costs	7	**(42)**	(47)
LOSS BEFORE TAX	6	**(76)**	(43)
Income tax credit/(expense)	10	**2**	(10)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**(74)**	(53)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**(HK0.10 cent)**	(HK0.08 cent)
Diluted		**(HK0.10 cent)**	(HK0.08 cent)

consolidated statement of comprehensive income

Year ended 31 December 2015

HK$ million	2015	2014
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**(74)**	(53)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange differences on translation of foreign operations	**(49)**	(19)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:		
Gain on property revaluation, net of tax	**–**	19
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(49)**	–
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**(123)**	(53)

consolidated statement of financial position

31 December 2015

HK$ million	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	13	**151**	178
Investment properties	14	**333**	333
Prepaid land lease payments	15	**40**	41
Goodwill	16	**80**	–
Pledged time deposits	23	**4**	14
Total non-current assets		**608**	566
Current assets			
Inventories	17	**46**	65
Properties under development	18	**–**	292
Completed properties held for sale	19	**983**	739
Trade receivables	20	**135**	246
Prepayments, deposits and other receivables	21	**345**	312
Financial assets at fair value through profit or loss	22	**14**	–
Pledged time deposits	23	**105**	179
Cash and cash equivalents	23	**185**	208
Total current assets		**1,813**	2,041
Total assets		**2,421**	2,607
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	30	**923**	654
Convertible bonds	32	**916**	–
Reserves	33	**(256)**	(234)
Total equity		**1,583**	420
Non-current liabilities			
Interest-bearing bank and other borrowings	26	**68**	55
Deferred tax liabilities	28	**110**	115
Promissory notes	29	**–**	985
Total non-current liabilities		**178**	1,155
Current liabilities			
Trade and bills payables	24	**234**	442
Tax payable		**6**	7
Other payables and accruals	25	**124**	108
Interest-bearing bank and other borrowings	26	**296**	475
Total current liabilities		**660**	1,032
Total liabilities		**838**	2,187
Total equity and liabilities		**2,421**	2,607
Net current assets		**1,153**	1,009
Total assets less current liabilities		**1,761**	1,575

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

consolidated statement of changes in equity

Year ended 31 December 2015

HK$ million	Attributable to owners of the parent Issued capital	Convertible bonds	Share premium account	Capital reserve	Share option reserve	Asset revaluation reserve#	Exchange fluctuation reserve	Accumulated losses	Total
At 1 January 2014	654	–	238	733	–	–	13	(1,167)	471
Loss for the year	–	–	–	–	–	–	–	(53)	(53)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(19)	–	(19)
Gain on property revaluation, net of tax	–	–	–	–	–	19	–	–	19
Total comprehensive income for the year	–	–	–	–	–	19	(19)	(53)	(53)
Equity-settled share option arrangement (note 31)	–	–	–	–	2	–	–	–	2
At 31 December 2014 and 1 January 2015	**654**	**–**	**238***	**733***	**2***	**19***	**(6)***	**(1,220)***	**420**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(74)**	**(74)**
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(49)**	**–**	**(49)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(49)**	**(74)**	**(123)**
Exercise of share options (note 30(b))	**6**	**–**	**2**	**–**	**(2)**	**–**	**–**	**–**	**6**
Placement of new shares (note 30(c))	**43**	**–**	**64**	**–**	**–**	**–**	**–**	**–**	**107**
Share issue expenses (note 30)	**–**	**–**	**(3)**	**–**	**–**	**–**	**–**	**–**	**(3)**
Issuance of convertible bonds (note 32)	**–**	**1,096**	**–**	**–**	**–**	**–**	**–**	**–**	**1,096**
Conversion of convertible bonds (note 32)	**180**	**(180)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of a subsidiary (note 34)	**40**	**–**	**40**	**–**	**–**	**–**	**–**	**–**	**80**
At 31 December 2015	**923**	**916**	**341***	**733***	**–*/****	**19***	**(55)***	**(1,294)***	**1,583**

The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value during the year ended 31 December 2014.

* The sum total of these reserve accounts represent the consolidated deficits of HK$256 million (2014: HK$234 million) in the consolidated statement of financial position.

** Less than HK$1 million

consolidated statement of cash flows

Year ended 31 December 2015

HK$ million	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(76)**	(43)
Adjustments for:			
Finance costs	7	**42**	47
Interest income	5	**(4)**	(4)
Depreciation	6	**32**	40
Amortisation of prepaid land lease payments	6	**1**	1
Fair value gain on investment properties	6	**–**	(45)
Loss on disposal of items of property, plant and equipment	6	**–**	1
Impairment of goodwill	6	**–**	22
Provision for slow-moving and obsolete inventories	6	**3**	–
Write-off of accruals	6	**(22)**	–
Waiver of a promissory note	6	**–**	(27)
Equity-settled share option expense	6	**–**	2
Loss on extinguishment of the promissory notes	6	**12**	–
		(12)	(6)
Decrease in inventories		**16**	2
Increase in properties under development		**(104)**	(154)
Decrease in completed properties held for sale		**101**	63
Decrease/(increase) in trade receivables		**111**	(2)
Increase in prepayments, deposits and other receivables		**(44)**	(9)
(Decrease)/increase in trade and bills payables		**(200)**	44
Increase/(decrease) in other payables and accruals		**44**	(5)
Cash used in operations		**(88)**	(67)
Interest received		**4**	4
Interest paid		**(18)**	(20)
Mainland China tax paid		**(4)**	(5)
Net cash flows used in operating activities		**(106)**	(88)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(8)**	(8)
Proceeds from disposal of items of property, plant and equipment		**3**	–
Acquisition of financial assets at fair value through profit or loss	22	**(14)**	–
Decrease in pledged time deposits		**84**	–
Net cash flows from/(used in) investing activities		**65**	(8)

HK$ million	Note	2015	2014
Net cash flows from/(used in) investing activities		**65**	(8)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**235**	186
New trust receipts loans		**76**	84
Proceeds from exercise of share options		**6**	–
Proceeds from placing of new shares		**107**	–
Share issue expenses		**(3)**	–
Repayment of bank loans and trust receipts loans		**(473)**	(338)
Issuance of promissory notes		**75**	58
Repayment of promissory notes		**(5)**	(30)
Net cash flows from/(used in) financing activities		**18**	(40)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(23)**	(136)
Cash and cash equivalents at beginning of year		**208**	346
Effect of foreign exchange rate changes, net		**–**	(2)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**185**	208
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**157**	119
Non-pledged time deposits with original maturity of less than three months when acquired		**28**	89
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**185**	208

notes to financial statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION

During the year, the Company and its subsidiaries (collectively referred to as the "Group") was principally involved in the following principal activities:

- manufacture and sale of telecom, electronic and infant and baby products;
- trading and sale of child products; and
- development and sale of properties

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CCT Land (Anshan) Property Development Company Limited*/**	PRC/Mainland China	RMB200,000,000 Registered^	–	100	Property development
CCT Land Development (Anshan) Company Limited*/**	PRC/Mainland China	HK$380,000,000 Registered^	–	100	Property development
CCT Marketing Limited	British Virgin Islands/ Hong Kong	US$1 Ordinary	–	100	Trading of telecom products
CCT Tech (HK) Limited	Hong Kong	HK$2,600,000 Ordinary	–	100	Sourcing of telecom products, raw materials and components
CCT Tech Advanced Products Limited*	Hong Kong	HK$2 Ordinary	–	100	Research and development on telecom and electronic products
Huizhou Wiltec Electronics Company Limited*/**/#	PRC/Mainland China	HK$18,500,000 Registered^	–	100	Holding of investment property

1. **CORPORATE AND GROUP INFORMATION** *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Huiyang CCT Telecommunications Products Co., Ltd.*/**	PRC/Mainland China	HK$120,000,000 Registered^	–	100	Manufacture of telecom products
Wiltec Industries (HK) Limited*	British Virgin Islands/ Hong Kong	US$2 Ordinary	–	100	Sale of child products
Wiltec Industrial Limited*/##	Hong Kong	HK$2,002 Ordinary	–	100	Sale of child products
Shenzhen Qianhai Huiyitong Financial Services Co., Ltd.*/**	PRC/Mainland China	RMB100,000,000 Registered^^	–	51	Start-up stage of internet finance services

^ Registered as wholly-foreign-owned enterprises under the People's Republic of China (the "PRC") law.

^^ Registered as a sino-foreign joint venture under the PRC law.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

** The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies do not register any official English names.

The name of the company was changed from Dongguan Wiltec Electronics Company Limited to Huizhou Wiltec Electronics Company Limited on 20 April 2015.

The name of the company was changed from CCT R & D Limited to Wiltec Industrial Limited on 9 February 2015.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

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

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

- HKAS 16 *Property*, *Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

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

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

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

(i) the materiality requirements in HKAS 1;

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%–6%
Plant and machinery	10%–20%
Tools, moulds and equipment	10%–20%
Furniture and office equipment	10%–20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

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

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property, plant and equipment and depreciation” above.

Inventories

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost of completed properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds from the properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased assets is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets

The Group's financial assets include trade and other receivables, deposits, financial assets at fair value through profit or loss, pledged time deposits and cash and cash equivalents.

The Group classifies its financial assets into loans and receivables at inception based on the purpose for which the assets were acquired. Purchases and sales of the financial assets are recognised using trade date accounting.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs that are attributable to the acquisition of the financial assets and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Group recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, promissory notes and interest-bearing bank and other borrowings.

Subsequent measurement

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mandatorily convertible bonds

Mandatorily convertible bond issued by the Company is an instrument that, at a certain time in the future, converts into shares of the Company. A mandatorily convertible bond is recognised as equity at its entirety if the fixed stated principal will be settled through delivery of a fixed number of the Company's own shares; the principal of the convertible bond is in the same currency as the functional currency of the Company; and the interest on the bond is payable only at the discretion of the Company. On initial recognition, the bond is measured at fair value, net of transaction costs, and included in shareholders' equity. The carrying amount of the bond is not remeasured in subsequent years.

Offsetting of financial instruments

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

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

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

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

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

Government grants

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 31 to the financial statements.

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

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

Borrowing costs

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

Foreign currencies

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

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

Research and development costs

All research costs are charged to the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Cash and cash equivalents

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

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

(b) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured;

(c) rental income, on a time proportion basis over the lease terms; and

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

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Impairment of goodwill

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

Impairment of non-financial assets (other than goodwill)

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2015 was HK$333 million (2014: HK$333 million). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. There are no deferred tax assets relating to recognised tax losses at 31 December 2015 (2014: Nil). The amount of unrecognised tax losses at 31 December 2015 was HK$41 million (2014: HK$33 million). Further details are contained in note 28 to the financial statements.

Valuation of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Land appreciation taxes

Land appreciation tax in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to land appreciation taxes. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its land appreciation tax returns from some of its completed property development projects with local tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the statement of profit or loss and the provision for land appreciation taxes in the period in which such determination is made.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has the following reporting segments:

(a) the telecom and electronic products segment which is the manufacture and sale of telecom, electronic and infant and baby products;

(b) the child products trading segment which is engaged in the trading and sale of child products; and

(c) the property development segment which is engaged in the development and sale of properties in Mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that the loss on extinguishment of the promissory notes and head office and corporate expenses are excluded from such measurement.

Segment assets exclude corporate and other unallocated assets as these assets are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

Segment liabilities exclude tax payable, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

HK$ million	Telecom and electronic products 2015	2014	Trading of child products 2015	2014	Property development 2015	2014	Reconciliations 2015	2014	Total 2015	2014
Segment revenue:										
Sales to external customers	**538**	798	**159**	171	**113**	65	**–**	–	**810**	1,034
Other revenue	**31**	27	**1**	2	**–**	5	**2**	–	**34**	34
	569	825	**160**	173	**113**	70	**2**	–	**844**	1,068
Operating profit/(loss)	**5**	24*	**2**	3	**(25)**	(22)	**–**	–	**(18)**	5
Loss on disposal of items of property, plant and equipment	**–**	(1)	**–**	–	**–**	–	**–**	–	**–**	(1)
Impairment of goodwill	**–**	(22)	**–**	–	**–**	–	**–**	–	**–**	(22)
Waiver of a promissory note	**–**	–	**–**	–	**–**	27	**–**	–	**–**	27
Loss on extinguishment of the promissory notes	**–**	–	**–**	–	**–**	–	**(12)**	–	**(12)**	–
Finance costs	**(13)**	(15)	**–**	–	**(29)#**	(32)#	**–**	–	**(42)**	(47)
Reconciled items:										
Corporate and other unallocated expenses	**–**	–	**–**	–	**–**	–	**(4)**	(5)	**(4)**	(5)
(Loss)/profit before tax	**(8)**	(14)	**2**	3	**(54)**	(27)	**(16)**	(5)	**(76)**	(43)
Income tax credit/(expense)							**2**	(10)	**2**	(10)
Loss for the year							**(14)**	(15)	**(74)**	(53)
Other segment information:										
Interest income	**4**	4	**–**	–	**–**	–	**–**	–	**4**	4
Expenditure for non-current assets	**8**	8	**–**	–	**–**	–	**–**	–	**8**	8
Depreciation and amortisation	**(33)**	(40)	**–**	(1)	**–**	–	**–**	–	**(33)**	(41)
Other material non-cash items:										
Impairment of trade receivables	**(2)**	–	**–**	–	**2**	–	**–**	–	**–**	–
Equity-settled share option expense	**–**	–	**–**	–	**–**	–	**–**	(2)	**–**	(2)
Fair value gain on investment properties	**–**	45	**–**	–	**–**	–	**–**	–	**–**	45
Waiver of a promissory note	**–**	–	**–**	–	**–**	27	**–**	–	**–**	27
Loss on extinguishment of the promissory notes	**–**	–	**–**	–	**–**	–	**(12)**	–	**(12)**	–
Provision for slow-moving and obsolete inventories	**(3)**	–	**–**	–	**–**	–	**–**	–	**(3)**	–
Loss on disposal of items of property, plant and equipment	**–**	(1)	**–**	–	**–**	–	**–**	–	**–**	(1)

* Taking into account an unrealised revaluation gain on an investment property of HK$45 million.

\# Included a notional interest of HK$24 million (2014: HK$24 million) in the discounted amount of a promissory note arising from the passage of time.

4. **OPERATING SEGMENT INFORMATION** *(continued)*

HK$ million	Telecom and electronic products 2015	Telecom and electronic products 2014	Trading of child products 2015	Trading of child products 2014	Property development 2015	Property development 2014	Reconciliations 2015	Reconciliations 2014	Total 2015	Total 2014
Segment assets	**941**	1,229	**46**	50	**1,308**	1,327	**–**	–	**2,295**	2,606
Reconciled items:										
Corporate and other unallocated assets	**–**	–	**–**	–	**–**	–	**126**	1	**126**	1
Total assets	**941**	1,229	**46**	50	**1,308**	1,327	**126**	1	**2,421**	2,607
Segment liabilities	**431**	890	**17**	21	**273**	1,151	**–**	–	**721**	2,062
Reconciled items:										
Corporate and other unallocated liabilities	**–**	–	**–**	–	**–**	–	**117**	125	**117**	125
Total liabilities	**431**	890	**17**	21	**273**	1,151	**117**	125	**838**	2,187

Geographical information

(a) *Revenue from external customers*

HK$ million	2015	2014
Europe	**372**	554
Mainland China	**198**	192
North America	**145**	161
Asia Pacific and others	**95**	127
	810	1,034

The revenue information above is based on the final locations where the Group's products and properties were sold to customers.

(b) *Non-current assets*

HK$ million	2015	2014
Hong Kong	**8**	7
Mainland China	**596**	545
	604	552

The non-current asset information is based on the locations of the assets and excludes financial instruments.

4. OPERATING SEGMENT INFORMATION *(continued)*

Information about major customers

For the year ended 31 December 2015, revenue of approximately HK$163 million and HK$99 million (2014: HK$319 million) was derived from sales by the telecom and electronic products segment to two (2014: one) customers, which individually accounted for over 10% of the Group's total revenue.

For the year ended 31 December 2015, revenue of approximately HK$93 million (2014: HK$105 million) was derived from sales by the child products trading segment to one (2014: one) customer, which accounted for over 10% of the Group's total revenue.

5. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and interest income, and gross proceeds from the sale of properties during the year.

An analysis of revenue is as follows:

HK$ million	**2015**	2014
Manufacture and sale of telecom, electronic and child products	**693**	965
Sale of properties	**113**	65
Bank interest income	**4**	4
	810	1,034

6. LOSS BEFORE TAX

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

HK$ million	Notes	2015	2014
Cost of inventories sold		**625**	930
Cost of properties sold		**113**	61
Depreciation	13	**32**	40
Amortisation of prepaid land lease payments	15	**1**	1
Impairment of goodwill*	16	**–**	22
Minimum lease payments under operating leases		**2**	4
Research and development costs:			
Current year expenditure		**20**	23
Auditors' remuneration		**2**	1
Employee benefit expense (excluding directors' and chief executive's remuneration — note 8):			
Wages and salaries		**139**	199
Pension scheme contributions***		**12**	10
		151	209
Equity-settled share option expense	31	**–**	2
Impairment of trade receivables, net*	20	**–**	–
Provision for slow-moving and obsolete inventories		**3**	–
Loss on disposal of items of property, plant and equipment, net*		**–**	1
Foreign exchange differences, net		**5**	4
Government grants**/#		**–**	(5)
Gross rental income**		**(10)**	(8)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**–**	–
Changes in fair value of investment properties**	14	**–**	(45)
Write-off of accruals		**(22)**	–
Waiver of a promissory note**		**–**	(27)
Loss on extinguishment of the promissory notes*		**12**	–

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

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

*** The effect of forfeited contributions on the Group's contributions to the pension schemes for the year, and the amounts of forfeited contributions available to reduce contributions in future years were not material.

During the year ended 31 December 2014, government grant was received by the Group in relation to the upgrade of certain plant and machineries. There are no unfulfilled conditions or contingencies relating to the grant as at 31 December 2014.

7. FINANCE COSTS

An analysis of finance costs is as follows:

HK$ million	2015	2014
Interest on bank loans	13	18
Interest on promissory notes	5	5
Total interest expense on financial liabilities not at fair value through profit or loss	18	23
Interest of the discounted amount of a promissory note arising from the passage of time	24	24
	42	47

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	Group	
HK$ million	2015	2014
Fees:		
Executive directors and chief executive	1	–
Independent non-executive directors	1	1
	2	1
Executive directors' and chief executive's other emoluments:		
Salaries, allowances and benefits in kind	5	5
Equity-settled share option expense	–	2
Pension scheme contributions	–#	–#
	5	7
	7	8

Less than HK$1 million

During the year ended 31 December 2014, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which had been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees HK$'000
2015	
Chow Siu Ngor	**240**
Lau Ho Kit, Ivan	**240**
Chen Li (resigned on 17 June 2015)	**120**
William Robert Majcher (appointed on 17 June 2015 and resigned on 29 February 2016)	**129**
	729
2014	
Chow Siu Ngor	240
Lau Ho Kit, Ivan	240
Chen Li	240
	720

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

(b) Executive directors and chief executive

HK$ million	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
2015				
Mak Shiu Tong, Clement — chief executive	**–**	**3.0**	**–**	**3.0**
Tam Ngai Hung, Terry	**–**	**1.2**	**–**	**1.2**
Cheng Yuk Ching, Flora	**–**	**1.2**	**–**	**1.2**
William Donald Putt (resigned on 26 May 2015)	**–**	**–**	**–**	**–**
Ong Ban Poh, Michael (appointed on 16 April 2015 and resigned on 29 February 2016)	**0.2**	**–**	**–**	**0.2**
Huanfei Guan (appointed on 11 May 2015)	**0.4**	**–**	**–**	**0.4**
Lai Mei Kwan (appointed on 26 May 2015)	**0.4**	**–**	**–**	**0.4**
	1.0	**5.4**	**–**	**6.4**

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors and chief executive *(continued)*

HK$ million	Salaries, allowances and benefits in kind	Equity-settled share option expense	Pension scheme contributions	Total remuneration
2014				
Mak Shiu Tong, Clement — chief executive	2.8	–	–	2.8
Tam Ngai Hung, Terry	1.1	1.0	–	2.1
Cheng Yuk Ching, Flora	1.1	1.0	–	2.1
William Donald Putt	–	–	–	–
	5.0	2.0	–	7.0

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2014: three) directors (one (2014: one) of them is also the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2014: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

HK$ million	**2015**	2014
Salaries, allowances and benefits in kind	**3**	3

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

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

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

HK$ million	**2015**	2014
Current — Mainland China		
Charge of Mainland China income tax for the year	**–**	1
(Overprovision)/underprovision in prior years	**–**	2
Mainland China land appreciation tax	**3**	1
Deferred (note 28)	**(5)**	6
Total tax (credit)/charge for the year	**(2)**	10

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

2015

HK$ million	**Hong Kong**	**%**	**The PRC,excluding Hong Kong**	**%**	**Total**	**%**
Loss before tax	**(53.3)**		**(23.0)**		**(76.3)**	
Tax at the statutory tax rate	**(8.8)**	**16.5**	**(5.8)**	**25.0**	**(14.6)**	**19.1**
Income not subject to tax	**(0.2)**	**0.4**	**(2.1)**	**9.1**	**(2.3)**	**3.0**
Expenses not deductible for tax	**8.6**	**(16.1)**	**1.2**	**(5.2)**	**9.8**	**(12.8)**
Tax losses not recognised	**0.4**	**(0.8)**	**2.0**	**(8.6)**	**2.4**	**(3.1)**
Adjustments in respect of current tax of previous periods	**–**	**–**	**(0.1)**	**0.5**	**(0.1)**	**0.1**
Land appreciation taxes	**–**	**–**	**2.6**	**(11.3)**	**2.6**	**(3.4)**
Tax credit at the Group's effective rate	**–**	**–**	**(2.2)**	**9.5**	**(2.2)**	**2.9**

10. INCOME TAX *(continued)*

2014

HK$ million	Hong Kong	%	The PRC,excluding Hong Kong	%	Total	%
(Loss)/profit before tax	(63.2)		20.2		(43.0)	
Tax at the statutory tax rate	(10.4)	16.5	5.1	25.0	(5.3)	12.3
Income not subject to tax	(4.8)	7.6	(0.6)	(3.0)	(5.4)	12.6
Expenses not deductible for tax	5.6	(8.9)	0.9	4.5	6.5	(15.1)
Tax losses not recognised	8.4	(13.3)	3.0	15.0	11.4	(26.5)
Adjustments in respect of current tax of previous periods	0.1	(0.2)	1.6	7.9	1.7	(4.0)
Land appreciation taxes	–	–	1.4	7.0	1.4	(3.3)
Tax charge at the Group’s effective rate	(1.1)	1.7	11.4	56.4	10.3	(24.0)

11. DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2015 (2014: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount for the year is based on the loss for the year attributable to ordinary equity holders of the parent of HK$74 million (2014: HK$53 million), and the weighted average number of 70,897,583,031 (2014: 65,413,993,990) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the impact of the outstanding share options and convertible bonds (2014: outstanding share options) had an anti-dilutive effect on the basic loss per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

HK$ million	Buildings	Plant and machinery	Tools, moulds and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
31 December 2015							
At 1 January 2015:							
Cost	387	204	151	93	14	3	852
Accumulated depreciation	(242)	(184)	(150)	(87)	(11)	–	(674)
Net carrying amount	145	20	1	6	3	3	178
At 1 January 2015, net of accumulated depreciation	145	20	1	6	3	3	178
Additions	–	–	–	4	4	–	8
Disposal	–	(2)	–	–	(1)	–	(3)
Depreciation provided during the year	(21)	(7)	(1)	(2)	(1)	–	(32)
Transfer	3	–	–	–	–	(3)	–
At 31 December 2015, net of accumulated depreciation	127	11	–	8	5	–	151
At 31 December 2015:							
Cost	390	161	146	97	14	–	808
Accumulated depreciation	(263)	(150)	(146)	(89)	(9)	–	(657)
Net carrying amount	127	11	–	8	5	–	151

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

HK$ million	Buildings	Plant and machinery	Tools, moulds and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
31 December 2014							
At 1 January 2014:							
Cost	446	205	153	92	13	3	912
Accumulated depreciation	(230)	(177)	(147)	(87)	(10)	–	(651)
Net carrying amount	216	28	6	5	3	3	261
At 1 January 2014, net of accumulated depreciation	216	28	6	5	3	3	261
Additions	1	3	–	3	1	–	8
Disposal	–	–	(1)	–	–	–	(1)
Depreciation provided during the year	(22)	(11)	(4)	(2)	(1)	–	(40)
Surplus on revaluation	1	–	–	–	–	–	1
Transfer to investment property (note 14)	(51)	–	–	–	–	–	(51)
At 31 December 2014, net of accumulated depreciation	145	20	1	6	3	3	178
At 31 December 2014:							
Cost	387	204	151	93	14	3	852
Accumulated depreciation	(242)	(184)	(150)	(87)	(11)	–	(674)
Net carrying amount	145	20	1	6	3	3	178

The net carrying amount of motor vehicles (2014: a motor vehicle) held under finance lease included in the total amount of motor vehicles at 31 December 2015 was HK$2 million (2014: HK$1 million).

At 31 December 2015, the Group's buildings with a net carrying amount of approximately HK$127 million (2014: HK$145 million) were pledged to secure certain general banking facilities granted to the Group (note 26(a)(i)).

14. INVESTMENT PROPERTIES

HK$ million	2015	2014
Carrying amount at 1 January	**333**	178
Transfer from owner-occupied property (note 13)	**–**	51
Transfer from prepaid land lease payment (note 15)	**–**	59
Net gain from a fair value adjustment (note 6)	**–**	45
Carrying amount at 31 December	**333**	333

The Group's investment properties consist of a commercial property and an industrial property in Mainland China. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2015 based on valuations performed by Grant Sherman Appraisal Limited, an independent professionally qualified valuer, at HK$333 million. Each year, the Group's directors decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance director has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The commercial property is leased to third parties under operating leases, further summary details of which are included in note 37(a) to the financial statements.

The industrial property is leased to an indirectly wholly-owned subsidiary of CCT Fortis Holdings Limited ("CCT Fortis"), a shareholder of the Company, under an operating lease, further summary details of which are included in note 37(a) and note 39(a)(ii) to the financial statements.

At 31 December 2015 and 2014, the Group's investment properties were pledged to secure certain general banking facilities granted to the Group (note 26(a)(ii)).

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2015 using			
HK$ million	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurement for:				
Commercial property	**–**	**–**	**155**	**155**
Industrial property	**–**	**–**	**178**	**178**
	–	**–**	**333**	**333**

	Fair value measurement as at 31 December 2014 using			
HK$ million	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Commercial property	–	–	155	155
Industrial property	–	–	178	178
	–	–	333	333

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

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

HK$ million	Commercial property	Industrial property
Carrying amount at 1 January 2014	–	178
Transfer from owner-occupied property (note 13)	51	–
Transfer from prepaid land lease payment (note 15)	59	–
Net gain from a fair value adjustment recognised in other income and gains in profit or loss (note 6)	45	–
Carrying amount at 31 December 2014, 1 January 2015 and 31 December 2015	**155**	**178**

Below is a summary of the valuation techniques used and the key input to the valuation of investment properties:

2015	Valuation technique	Significant unobservable input	
Commercial property	**Income approach**	**Term rent (per annum)**	**HK$5 million**
		Term yield	**4%–4.5%**
		Reversionary rent (per annum)	**HK$7 million**
		Reversionary yield	**4.5%–5%**
Industrial property	**Income approach**	**Term rent (per annum)**	**HK$6 million**
		Term yield	**2.5%–3%**
		Reversionary rent (per annum)	**HK$8 million**
		Reversionary yield	**3%–3.5%**

2014	Valuation technique	Significant unobservable input	Weighted average (per sq.m.)
Commercial property	Direct comparison method	Average unit rate (per sq.m.)	HK$34,625
Industrial property	Direct comparison method	Average unit rate (per sq.m.)	HK$2,738

The Group has determined that the highest and best use of the investment properties at the measurement date would be the current use.

The fair value of the investment properties as at 31 December 2015 is determined by using the income approach. Under the income approach, fair value is estimated by making reference to the current rent passing of the property interest and the reversionary potential of the tenancies. The change of valuation technique was due to limited market transactions available as at 31 December 2015.

A significant increase/(decrease) in the term rent, term yield, reversionary rent and reversionary yield would result in a significant increase/(decrease) in the fair value of the investment properties.

15. PREPAID LAND LEASE PAYMENTS

HK$ million	2015	2014
Carrying amount at 1 January	**42**	78
Surplus on revaluation	**–**	24
Transfer to investment property (note 14)	**–**	(59)
	42	43
Recognised during the year	**(1)**	(1)
Carrying amount at 31 December	**41**	42
Current portion included in prepayments, deposits and other receivables	**(1)**	(1)
Non-current portion	**40**	41

At 31 December 2015 and 2014, the Group's leasehold land was pledged as security for the general banking facilities granted to the Group (note 26(a)(iii)).

16. GOODWILL

HK$ million	2015	2014
At 1 January		
Cost	**23**	23
Accumulated impairment	**(23)**	(1)
Net carrying amount	**–**	22
Cost at 1 January, net of accumulated impairment	**–**	22
Acquisition of a subsidiary (note 34)	**80**	–
Impairment during the year	**–**	(22)
Net carrying amount at 31 December	**80**	–
At 31 December		
Cost	**103**	23
Accumulated impairment	**(23)**	(23)
Net carrying amount	**80**	–

16. GOODWILL *(continued)*

Impairment testing of goodwill

(a) Telecom and electronic products business

Goodwill acquired through business combinations has been allocated to the cash-generating unit for the telecom and electronic products business for impairment testing. The recoverable amount of the cash-generating unit of the telecom and electronic products business is determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections of the telecom and electronic products business was 10.3% in 2014. The cash flow projections of the telecom and electronic products business beyond the five-year period of financial budgets were extrapolated using a growth rate of 3.0% in 2014, which did not exceed the long term average growth rate of the industry.

Assumptions were used in the value in use calculation of the telecom and electronic products business cash-generating unit for 31 December 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Sales growth rate — The sales growth rates on certain product types of the Company are based on management's past experience, the Company's historical trend and market expectation.

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

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

Business environment — There is no major change in the existing political, legal and economic conditions in the countries with which and the country in which the cash-generating unit carried on its business.

Based on the annual impairment test performed, an impairment loss of HK$22 million was provided in relation to the telecom and electronic products business as the cash-generating unit had been reduced to its recoverable amount of HK$380 million for the year ended 31 December 2014. The impairment loss arose as a result of the less than satisfactory past and expected performance of the cash-generating unit of the telecom and electronic products business.

16. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

(b) Internet finance service business

Goodwill acquired through business combinations has been allocated to the cash-generating unit for the internet finance service business for impairment testing. The recoverable amount of the cash-generating unit of the internet finance service business is determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections of the internet finance service business is 24%. The cash flow projections of the internet finance service business beyond the five-year period of financial budgets are extrapolated using a growth rate of 3%, which did not exceed the long term average growth rate of the industry.

Assumptions were used in the value in use calculation of the internet finance service business cash-generating unit for 31 December 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Gross transaction volume — The gross transaction volume is projected based on management's expectations for market development.

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

Business environment — There is no major change in the existing political, legal and economic conditions in the country with which and the country in which the cash-generating unit carries on its business.

17. INVENTORIES

HK$ million	2015	2014
Raw materials	**18**	13
Work in progress	**7**	10
Finished goods	**21**	42
	46	65

18. PROPERTIES UNDER DEVELOPMENT

HK$ million	2015	2014
Properties under development expected to be completed within normal operating cycle, included under current assets and recoverable:		
Within one year	**–**	292

19. COMPLETED PROPERTIES HELD FOR SALE

All the completed properties held for sale are stated at cost.

At 31 December 2015, the Group's completed properties held for sale with an aggregate net carrying amount of approximately HK$621 million (2014: HK$443 million) were pledged to secure a general banking facility granted to the Group (note 26(a)(iv)).

20. TRADE RECEIVABLES

HK$ million	2015	2014
Trade receivables	**141**	252
Impairment	**(6)**	(6)
	135	246

The Group's trading terms with its customers of telecom, electronic and child products operation are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. In respect of the Group's property development business, trade receivables are settled based on the terms of the sales and purchase agreements of properties.

20. TRADE RECEIVABLES *(continued)*

The Group seeks to maintain strict control over its outstanding receivables and has a credit policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had a certain concentration of credit risk as 32% (2014: 45%) and 74% (2014: 71%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. The Group does not hold any collateral and other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015		2014	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**41**	**30**	83	34
31 to 60 days	**43**	**32**	82	33
61 to 90 days	**39**	**29**	50	20
Over 90 days	**12**	**9**	31	13
	135	**100**	246	100

The movements in provision for impairment of trade receivables are as follows:

HK$ million	**2015**	2014
At 1 January	**6**	6
Impairment losses recognised (note 6)	**2**	1
Impairment losses reversed (note 6)	**(2)**	(1)
At 31 December	**6**	6

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$6 million (2014: HK$6 million) with a carrying amount before provision of HK$6 million (2014: HK$6 million).

20. TRADE RECEIVABLES *(continued)*

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

HK$ million	2015	2014
Neither past due nor impaired	**122**	234
Past due but not impaired — within six months	**13**	12
	135	246

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. In respect of the Group's property development business, the Company has assessed the creditworthiness of customers and subsequent settlement, and considers that the amounts are still recoverable and no credit provision is required.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

HK$ million	Notes	2015	2014
Prepayments	(a)	**310**	288
Deposits and other receivables	(b)	**35**	24
		345	312

Notes:

(a) As at 31 December 2015, included in prepayments is a prepayment for the acquisition of land use rights in Mainland China amounting to approximately HK$299 million (2014: HK$278 million) in relation to the Group's property development business.

(b) As at 31 December 2015, included in deposits and other receivables is a receivable from CCT Plastic Limited ("CCT Plastic"), a wholly-owned subsidiary of CCT Fortis, in relation to quality issues of plastic components supplied by CCT plastic to the Group amounting to approximately HK$24 million (2014: Nil).

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

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK$ million	2015	2014
Listed equity investments, at market value	**14**	–

The above equity investments at 31 December 2015 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

Assuming the portfolio of the Group's listed equity investments has remained unchanged, the market value of the Group's equity investments at the date of approval of these financial statements was approximately HK$13 million.

23. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

HK$ million	2015	2014
Cash and bank balances	**157**	119
Time deposits	**137**	282
	294	401
Less: Pledged time deposits (note 26):		
Pledged for long term bank loans	**(4)**	(14)
Pledged for short term bank loans and banking facilities	**(105)**	(179)
Cash and cash equivalents	**185**	208

At the end of the reporting period, the cash and cash equivalents and pledged time deposits of the Group denominated in Renminbi ("RMB") were HK$52 million (2014: HK$183 million). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

24. TRADE AND BILLS PAYABLES

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

	2015		2014	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**44**	**19**	175	39
31 to 60 days	**34**	**14**	56	13
61 to 90 days	**23**	**10**	47	11
Over 90 days	**133**	**57**	164	37
	234	**100**	442	100

As at 31 December 2015, included in the trade and bills payables are trade payables of HK$7 million (2014: HK$47 million) due to CCT Plastic, which are unsecured, interest-free and repayable within 90 days from the invoice date.

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

25. OTHER PAYABLES AND ACCRUALS

HK$ million	2015	2014
Other payables	**14**	21
Accruals	**35**	72
Receipts in advance	**75**	15
	124	108

Other payables are non-interest-bearing and have an average term of three months.

As at 31 December 2014, included in the Group's accruals were interest payables of HK$5 million on the promissory notes (note 29) due to CCT Fortis, which were unsecured, interest-free and were repaid during the year ended 31 December 2015.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	**Maturity**	**HK$ million**	Effective interest rate (%)	Maturity	HK$ million
Current						
Finance lease payables (note 27)	**3.78–3.88**	**2016**	**–**	3.78	2015	–
Bank loans — secured	**1.67-9.00**	**2016**	**296**	1.66-9.00	2015	475
			296			475
Non-current						
Finance lease payables (note 27)	**3.78–3.88**	**2017–2020**	**2**	3.78	2016–2017	1
Bank loans — secured	**4.26–9.00**	**2017**	**66**	5.25–6.15	2016–2017	54
			68			55
			364			530

HK$ million	**2015**	2014
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**296**	475
In the second year	**66**	41
In the third to fifth years, inclusive	**–**	13
	362	529
Other borrowings repayable:		
Within one year	**–**	–
In the second year	**1**	1
In the third to fifth years, inclusive	**1**	–
	2	1
	364	530

26. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

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

(i) the pledge of the Group's buildings situated in Hong Kong and Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$127 million (2014: HK$145 million) (note 13);

(ii) the pledge of the Group's investment properties situated in Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$333 million (2014: HK$333 million) (note 14);

(iii) the pledge of the Group's leasehold land situated in Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$41 million (2014: HK$42 million) (note 15);

(iv) the pledge of the Group's completed properties held for sale situated in Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$621 million (2014: HK$443 million) (note 19);

(v) the pledge of certain of the Group's time deposits amounting to HK$38 million (2014: HK$122 million) (note 23); and

(vi) the pledge of the equity interests of a subsidiary of the Company with a net asset value of HK$385 million (2014: HK$289 million).

In addition, CCT Fortis has guaranteed certain of the Group's bank borrowings up to HK$147 million (2014: HK$157 million) as at the end of the reporting period.

(b) The Group's trading line banking facilities amounting to HK$275 million (2014: HK$325 million), of which HK$115 million (2014: HK$99 million) has been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's time deposits amounting to HK$71 million (2014: HK$71 million) (note 23).

(c) The Group's bank and other borrowings with carrying amounts of HK$67 million (2014: HK$141 million), HK$188 million (2014: HK$294 million) and HK$109 million (2014: HK$95 million) are denominated in HK$, United States dollars ("US$") and RMB, respectively.

27. FINANCE LEASE PAYABLES

The Group leased motor vehicles (2014: a motor vehicle) for business use. These leases were classified as finance leases.

At 31 December 2015, the total future minimum lease payments under finance leases and their present values were as follows:

HK$ million	**Minimum lease payments 2015**	Minimum lease payments 2014	**Present value of minimum lease payments 2015**	Present value of minimum lease payments 2014
Amounts payable:				
Within one year	**0.4**	0.3	**0.4**	0.3
In the second year	**0.5**	0.5	**0.4**	0.5
In the third to fifth years, inclusive	**0.9**	–	**0.9**	–
Total minimum finance lease payments	**1.8**	0.8	**1.7**	0.8
Future finance charges	**(0.1)**	–		
Total net finance lease payables	**1.7**	0.8		
Portion classified as current liabilities (note 26)	**(0.4)**	(0.3)		
Non-current portion (note 26)	**1.3**	0.5		

28. DEFERRED TAX

The movement in deferred tax liabilities during the year is as follows:

Deferred tax liabilities

HK$ million	Fair value adjustments arising from business combination	Depreciation allowance in excess of related depreciation	Revaluation on investment properties	Total
Gross deferred tax liabilities at 1 January 2014	102	1	–	103
Deferred tax (credited)/charged to statement of profit or loss during the year (note 10)	(4)	(1)	11	6
Deferred tax charged to statement of comprehensive income during the year	–	–	6	6
Gross deferred tax liabilities at 31 December 2014 and 1 January 2015	**98**	**–**	**17**	**115**
Deferred tax credited to statement of profit or loss during the year (note 10)	**(5)**	**–**	**–**	**(5)**
Gross deferred tax liabilities at 31 December 2015	**93**	**–**	**17**	**110**

The Group has tax losses arising in Hong Kong of HK$14 million (2014: HK$14 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$27 million (2014: HK$19 million) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2015 and 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was approximately HK$26 million (2014: HK$37 million).

29. PROMISSORY NOTES

HK$ million	Notes	2015	2014
First Note	(a)	–	67
Second Note	(b)	–	860
Third Note	(c)	–	–
Fourth Note	(d)	–	38
Fifth Note	(e)	–	13
Sixth Note	(f)	–	7
Seventh Note	(g)	–	–
Eighth Note	(h)	–	–
Ninth Note	(i)	–	–
Tenth Note	(j)	–	–
		–	985

Notes:

(a) On 28 March 2012, the Company issued a promissory note with face value of HK$67 million (the “First Note”) in favour of CCT Fortis to satisfy the consideration for acquisition of the child product business from CCT Fortis. The First Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 28 March 2017, the date falling on the fifth anniversary of the date of the First Note. During the year ended 31 December 2015, interest expense of HK$2 million was accrued for the First Note (2014: HK$2 million). During the year ended 31 December 2015, the First Note was transferred by CCT Fortis to an independent third party and the outstanding principal amount of the First Note was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(b) On 15 July 2013, the Company issued a promissory note with face value of HK$900 million (the “Second Note”) in favour of Jade Assets Company Limited (“Jade Assets”), a wholly-owned subsidiary of CCT Fortis to satisfy the consideration for the assignment of the property development business into the Group. The Second Note was interest-free and the original maturity date was 15 July 2016, the date falling on the third anniversary of the date of the Second Note. The carrying amount of this Second Note at each year end was computed by discounting the face value of the Second Note by imputed interest rate. During the year ended 31 December 2015, a face value of HK$104 million of the Second Note was transferred by Jade Assets to an independent third party and the outstanding principal amount of the Second Note as a whole was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(c) On 27 December 2013, the Company issued a promissory note with face value of HK$57 million (the “Third Note”) in favour of CCT Fortis, as consideration for the loan in cash of HK$57 million lent by CCT Fortis to the Company. The Third Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 27 December 2016, the date falling on the third anniversary of the date of the Third Note. During the year ended 31 December 2014, interest expense of HK$2 million was accrued for the Third Note and a face value of HK$30 million of the Third Note was repaid and the remaining balance of HK$27 million had been waived by CCT Fortis.

(d) On 6 March 2014, the Company issued a promissory note with face value of HK$38 million (the “Fourth Note”) in favour of CCT Fortis, as consideration for the loan in cash of HK$38 million lent by CCT Fortis to the Company. The Fourth Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 6 March 2017, the date falling on the third anniversary of the date of the Fourth Note. During the year ended 31 December 2015, interest expense of HK$1 million (2014: HK$1 million) was accrued for the Fourth Note. During the year ended 31 December 2015, a face value of HK$5 million of the Fourth Note was repaid and the remaining balance of HK$33 million was transferred by CCT Fortis to an independent third party and settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

29. PROMISSORY NOTES *(continued)*

Notes: *(continued)*

(e) On 9 June 2014, the Company issued a promissory note with face value of HK$13 million (the "Fifth Note") in favour of CCT Fortis, as consideration for the loan in cash of HK$13 million lent by CCT Fortis to the Company. The Fifth Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 9 June 2017, the date falling on the third anniversary of the date of the Fifth Note. During the year ended 31 December 2015, interest expense of HK$0.4 million (2014: HK$0.2 million) was accrued for the Fifth Note. During the year ended 31 December 2015, the Fifth Note was transferred by CCT Fortis to an independent third party and the outstanding principal amount of the Fifth Note was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(f) On 4 September 2014, the Company issued a promissory note with face value of HK$7 million (the "Sixth Note") in favour of CCT Fortis, as consideration for the loan in cash of HK$7 million lent by CCT Fortis to the Company. The Sixth Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 4 September 2017, the date falling on the third anniversary of the date of the Sixth Note. During the year ended 31 December 2015, interest expense of HK$0.2 million (2014: HK$0.07 million) was accrued for the Sixth Note. On 25 September 2015, the Sixth Note was transferred by CCT Fortis to an independent third party and the outstanding principal amount of the Sixth Note was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(g) On 2 January 2015, the Company issued a promissory note with face value of HK$20 million (the "Seventh Note") in favour of CCT Fortis, as consideration for the loan in cash of HK$20 million lent by CCT Fortis to the Company. The Seventh Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 2 January 2018, the date falling on the third anniversary of the date of the Seventh Note. During the year ended 31 December 2015, interest expense of HK$0.6 million was accrued for the Seventh Note. During the year ended 31 December 2015, the Seventh Note was transferred by CCT Fortis to an independent third party and the outstanding principal amount of the Seventh Note was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(h) On 12 May 2015, the Company issued a promissory note with face value of HK$25 million (the "Eighth Note") in favour of CCT Fortis, as consideration for the loan in cash of HK$25 million lent by CCT Fortis to the Company. The Eighth Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 12 May 2018, the date falling on the third anniversary of the date of the Eighth Note. During the year ended 31 December 2015, interest expense of HK$0.4 million was accrued for the Eighth Note. During the year ended 31 December 2015, the Eighth Note was transferred by CCT Fortis to an independent third party and the outstanding principal amount of the Eighth Note was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(i) On 8 June 2015, the Company issued a promissory note with face value of HK$10 million (the "Ninth Note") in favour of CCT Fortis, as consideration for the loan in cash of HK$10 million lent by CCT Fortis to the Company. The Ninth Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 8 June 2018, the date falling on the third anniversary of the date of the Ninth Note. During the year ended 31 December 2015, interest expense of HK$0.1 million was accrued for the Ninth Note. During the year ended 31 December 2015, the Ninth Note was transferred by CCT Fortis to an independent third party and the outstanding principal amount of the Ninth Note was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(j) On 3 July 2015, the Company issued a promissory note with face value of HK$20 million (the "Tenth Note") in favour of CCT Fortis, as consideration for the loan in cash of HK$20 million lent by CCT Fortis to the Company. The Tenth Note carried interest at a rate of 3% per annum payable annually. The original maturity date was 3 July 2018, the date falling on the third anniversary of the date of the Tenth Note. During the year ended 31 December 2015, interest expense of HK$0.3 million was accrued for the Tenth Note. During the year ended 31 December 2015, the Tenth Note was transferred by CCT Fortis to an independent third party and the outstanding principal amount of the Tenth Note was fully settled by the issuance of convertible bonds (details of the convertible bonds have been summarised in note 32 to the financial statements).

(k) In respect of each promissory note, no penalty will be charged on early repayment.

30. SHARE CAPITAL

Shares

HK$ million	2015	2014
Authorised:		
300,000,000,000 (2014: 120,000,000,000) ordinary shares of HK$0.01 each (note (a))	**3,000**	1,200
Issued and fully paid:		
92,278,993,990 (2014: 65,413,993,990) ordinary shares of HK$0.01 each	**923**	654

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

	Number of shares in issue	**Issued capital** HK$ million	**Share premium account** HK$ million	**Total** HK$ million
At 1 January 2014, 31 December 2014 and 1 January 2015	65,413,993,990	654	238	892
Exercise of share options (note (b))	**585,000,000**	**6**	**2**	**8**
Placement of new shares (note (c))	**4,280,000,000**	**43**	**64**	**107**
Acquisition of a subsidiary (note 34)	**4,000,000,000**	**40**	**40**	**80**
Conversion of convertible bonds (note 32)	**18,000,000,000**	**180**	**–**	**180**
	92,278,993,990	**923**	**344**	**1,267**
Share issue expenses	**–**	**–**	**(3)**	**(3)**
At 31 December 2015	**92,278,993,990**	**923**	**341**	**1,264**

Notes:

(a) Pursuant to an ordinary resolution passed on 4 December 2015, the authorised share capital of the Company was increased from HK$1,200 million to HK$3,000 million by the creation of 180,000,000,000 additional shares of HK$0.01 each, ranking pari passu in all respects with the existing shares of the Company.

(b) The subscription rights attaching to 585,000,000 share options were exercised at the subscription price of HK$0.01 per share (note 31), resulting in the issue of 585,000,000 shares for a total cash consideration, before expenses, of HK$5,850,000.

(c) On 11 May 2015, the Company entered into a placing agreement with Kingsway Financial Services Group Limited (the "Placing Agent") pursuant to which, the Placing Agent agreed to procure independent placees to subscribe for an aggregate of 4,280,000,000 new ordinary shares of the Company at a price of HK$0.025 per share. The placing was completed on 18 May 2015 and raised a total of approximately HK$107 million, before expenses, to finance working capital and business investment of the Group.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

31. SHARE OPTION SCHEME

At the annual general meeting ("AGM") of the Company held on 27 May 2011, the shareholders of the Company approved the adoption of the share option scheme (the "2011 Scheme"). The adoption of the 2011 Scheme was also approved on 27 May 2011 by the shareholders of CCT Fortis, which was the then ultimate holding company of the Company. The 2011 Scheme then became effective on 30 May 2011. This is the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any shares of the Company (the "Shares") on the Stock Exchange, which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the 2011 Scheme. Unless otherwise cancelled or amended, the 2011 Scheme will be valid for a period of 10 years from the date of its adoption.

The purpose of the 2011 Scheme is to enable the Company to grant share options to the eligible participants, as incentives and/or rewards for their contribution to the Group and/or any entity in which any member of the Group holds any equity interest ("Invested Entity") or the holding company of the Company (if applicable). Eligible participants of the 2011 Scheme include:

(a) any director or proposed director (whether executive or non-executive and whether independent or not), any executive, officer, employee or any person to whom any offer of employment has been made, executive or officer (whether full-time or part-time, on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) of any member of the Group, any Invested Entity or the holding company of the Company (if applicable);

(b) any supplier or provider of goods and/or services, professional, consultant, agent, contractor, adviser, customer, partner, business associate or shareholder of any member of the Group, any Invested Entity or the holding company of the Company (if applicable), or any holder of any securities issued or proposed to be issued by any member of the Group, any Invested Entity or the holding company of the Company (if applicable), who, in the sole discretion of the Board, will contribute or has contributed to the Group, the Invested Entity or the holding company of the Company (if applicable); and

(c) any person whom the Board at its sole discretion considers, will contribute or has contributed to any members of the Group, the Invested Entity or the holding company of the Company (if applicable) (as the case may be).

Pursuant to the 2011 Scheme, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the 2011 Scheme and any other share option scheme(s) of the Company must not exceed 10% of the total number of Shares in issue as at the date of adoption of the 2011 Scheme. Shares which would have been issuable pursuant to the share options which have lapsed or cancelled in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit. Notwithstanding the foregoing, Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2011 Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. On 17 January 2014, the Company granted a total of 600,000,000 share options under the 2011 Scheme to the directors and the eligible participant of the Company to subscribe for the Shares at an exercise price of HK$0.01 each. As such, as at the date of approval of these financial statements, the total number of Shares available for issue under the 2011 Scheme is 5,941,399,399, which represents approximately 5.54% of the total issued share capital of the Company as at the date of approval of these financial statements.

31. SHARE OPTION SCHEME *(continued)*

The total number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2011 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the total number of Shares in issue as at the date of grant. Any further grant of the share options in excess of this 1% limit shall be subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the shareholders of the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) at a general meeting with such eligible participant and his/her associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval in advance by the independent non-executive director(s) ("INED(s)") of the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the INED(s) of that listed holding company), excluding the INED(s) of the Company and its listed holding company who is/are the grantee(s) of the share options. In addition, any share option granted to a substantial shareholder or an INED of the Company, or to any of their respective associates, in excess of 0.1% of the total number of Shares in issue as at the date of grant or with an aggregate value (based on the closing price of the Shares as at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the issue of a circular by the Company (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also by its listed holding company) and the approval of the Shareholders (and so long as the Company remains a subsidiary of another company which is listed on the Stock Exchange, also to be approved by the shareholders of that listed holding company) in advance at a general meeting.

The offer of a grant of the share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than (i) 10 years from the date of grant of the share options, or (ii) the expiry date of the 2011 Scheme, whichever is earlier. There is no specific requirement under the 2011 Scheme that a share option must be held for any minimum period before it can be exercised, but the terms of the 2011 Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular share option.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of:

(i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the share options);

(ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

The Company's share options do not confer rights on the holders to dividends or to vote at the general meetings of the Company.

31. SHARE OPTION SCHEME *(continued)*

The 2011 Scheme

As at 31 December 2015, 585,000,000 share options were exercised and no share options were cancelled or lapsed under the 2011 Scheme.

The following share options were outstanding under the 2011 Scheme during the year:

	2015		2014	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**0.01**	**600,000,000**	–	–
Granted during the year	**–**	**–**	0.01	600,000,000
Exercised during the year	**0.01**	**(585,000,000)**	–	–
At 31 December	**0.01**	**15,000,000**	0.01	600,000,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.017 per share (2014: No share options were exercised).

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

2015

Number of options	**Exercise price* HK$ per share**	**Exercise period**
15,000,000	**0.01**	**17/1/2014–16/1/2024**

2014

Number of options	Exercise price* HK$ per share	Exercise period
600,000,000	0.01	17/1/2014–16/1/2024

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

31. SHARE OPTION SCHEME *(continued)*

The fair value of the share options granted in 2014 was HK$2,401,000 (HK$0.004 each), of which a share option expense of HK$2 million was recognised during the year ended 31 December 2014.

The fair value of the equity-settled share options was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used to calculate the share options granted during the year ended 31 December 2014:

Dividend yield (%)	0.00
Expected volatility (%)	44.70
Historical volatility (%)	44.70
Risk-free interest rate (%)	1.37
Expected life of share options (years)	5.00
Weighted average share price (HK$ per share)	0.01

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

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

At the end of the reporting period and at the date of approval of these financial statements, the Company had 15,000,000 share options outstanding under the 2011 Scheme, which represented approximately 0.016% and 0.014% of the total issued share capital of the Company as at 31 December 2015 and as at the date of approval of these financial statements, respectively. The exercise in full of the share options in the Company would result in the issue of 15,000,000 additional ordinary shares and an additional share capital of HK$150,000 in the Company (before issue expenses).

Subsequent to the end of the reporting period, no share options under the 2011 Scheme were exercised, cancelled or lapsed.

32. CONVERTIBLE BONDS

On 7 December 2015, the Company issued convertible bonds with an aggregate principal amount of approximately HK$1,096 million, of which HK$796 million was issued to CCT Telecom Securities Limited, a wholly-owned subsidiary of CCT Fortis, and HK$300 million was issued to an independent third party, for the settlement of the promissory notes with an outstanding principal and accrued interest as at 7 December 2015 amounting to HK$1,084 million (note 29). The maturity date of the convertible bonds will fall on the third anniversary of the date of issue of the convertible bonds, i.e. 7 December 2018 (the “Maturity Date”). The convertible bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the convertible bonds. The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms of the convertible bonds) and the bonds shall not be redeemable at the option of the Company at any time on or before the Maturity Date. Any convertible bonds not converted will be automatically converted into ordinary share of the Company on the above basis on the Maturity Date.

During the year ended 31 December 2015, convertible bonds with a principal amount of HK$180 million were converted into 18,000,000,000 ordinary shares, resulting in an additional share capital of HK$180 million.

32. CONVERTIBLE BONDS *(continued)*

At the end of the reporting period, the Company had outstanding convertible bonds with a principal amount of HK$916 million and the conversion in full of the outstanding convertible bonds would, under the present capital structure of the Company, result in the issue of 91,600,000,000 additional ordinary shares of the Company and additional share capital of HK$916 million.

Subsequent to the end of the reporting period, convertible bonds with a principal amount of HK$150 million were converted into 15,000,000,000 ordinary shares, resulting in additional share capital of HK$150 million.

At the date of approval of these financial statements, the Company had outstanding convertible bonds with a principal amount of HK$766 million and the conversion in full of the outstanding convertible bonds would, under the present capital structure of the Company, result in the issue of 76,600,000,000 additional ordinary shares of the Company and additional share capital of HK$766 million.

33. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 52 of the financial statements.

34. BUSINESS COMBINATION

On 9 September 2015, the Group entered into an agreement (the "Agreement") with two independent third parties, Dynasty East Limited ("Dynasty East"), as the vendor, and Mr. Li Yunsheng ("Mr. Li"), as the guarantor, for the acquisition of 100% equity interest in Gold Direct Limited ("Gold Direct") and its subsidiary, Rich Ease Limited ("Rich Ease"), at a consideration of HK$68 million, which was satisfied by the issuance of 4,000,000,000 new ordinary shares of the Company at HK$0.017 per share.

Pursuant to the Agreement, both Dynasty East and Mr. Li have undertaken to the Group the following:

(i) arrange to establish a sino-foreign joint venture in the PRC (the "PRC Subsidiary"). The PRC Subsidiary will be engaged in operation of internet finance business through online and offline peer-to-peer lending platform;

(ii) procure 深圳前海萬譽創金融服務股份有限公司 (Shenzhen Qianhai Wan Yu Chuang Jin Financial Service Corporation Limited* ("Shenzhen Wan Yu")), a limited company established in the PRC and owned by Mr. Li and the other Chinese nationals, to transfer the senior management team who is experienced in the internet finance business to the PRC Subsidiary; and

(iii) Shenzhen Wan Yu will not be engaged in the internet finance business which competes with the PRC Subsidiary upon (i) and (ii) having been completed.

At the same time, the Group agreed to contribute through Rich Ease up to RMB51 million for a 51% shareholding in the PRC Subsidiary. The PRC Subsidiary, namely Shenzhen Qianhai Huiyitong Financial Services Co., Ltd., was subsequently set up on 19 October 2015 with a registered capital of RMB100 million. As at 31 December 2015, the first instalment of RMB25.5 million (equivalent to HK$30.4 million) has been injected into the PRC Subsidiary by the Group.

34. BUSINESS COMBINATION *(continued)*

Before the conclusion of the Agreement, Shenzhen Wan Yu had already established a team of senior management which has extensive experience in internet and finance business in the PRC and was prepared to commence its operation by establishing an internet "peer-to-peer" lending platform. Due to various legal restrictions for a foreigner to invest into Shenzhen Wan Yu and in view that setting up a new joint venture is more efficient and convenient, the directors have agreed with Mr. Li a new joint venture be established and Shenzhen Wan Yu will transfer the team of senior management to the joint venture once it is set up. Subsequent to the establishment of the PRC Subsidiary, Shenzhen Wan Yu has transferred to the PRC Subsidiary the team of senior management and the internet finance business.

Details of the acquisition are set out in the announcements of the Company dated 9 September 2015, 21 September 2015, 24 September 2015 and 20 October 2015.

As at the date of completion of the acquisition, on 24 September 2015, Gold Direct and its subsidiary did not have any identifiable assets and liabilities and therefore, the fair value of the consideration of HK$80 million, representing 4,000,000,000 new ordinary shares at the market price HK$0.02 per share on 24 September 2015, was recognised as the goodwill on acquisition. The acquisition was made as part of the Group's strategy to diversify and broaden its revenue sources and to enhance the value to the shareholders because the internet finance service represents a new and innovative business sector with excellent business prospects and enormous growth potential which is encouraged by the PRC Government.

Since the completion of the acquisition, Gold Direct and its subsidiary did not contribute any revenue and material profit or loss to the Group's consolidated loss for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, there would have been no material change of the revenue and the loss of the Group.

* The English name of the company represents the best effort made by management of the Company to directly translate its Chinese name as this company does not register any official English names.

35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the year, the Company fully settled the promissory notes with outstanding principals and accrued interest of HK$1,084 million by the issuance of convertible bonds of HK$1,096 million, resulting in the loss on extinguishment of the promissory notes of HK$12 million.

36. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by certain assets of the Group are included in note 26 to the financial statements.

37. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 14) under operating lease arrangements with leases negotiated for terms of three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustment according to the then prevailing market conditions.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

HK$ million	**2015**	2014
Within one year	**8**	7
In the second to fifth years, inclusive	**4**	5
	12	12

(b) As lessee

The Group leases certain of their office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

HK$ million	**2015**	2014
Within one year	**2**	2
In the second to fifth years, inclusive	**–**	1
	2	3

38. COMMITMENTS

In addition to the operating lease commitments detailed in note 37(b) above, the Group had the following commitments at the end of the reporting period:

HK$ million	**2015**	2014
Contracted, but not provided for:		
Building	**–**	2

39. RELATED PARTY TRANSACTIONS

(a) In addition to those detailed elsewhere in these financial statements, during the current year, the Group had the following transactions with CCT Fortis and its subsidiaries (the "CCT Fortis Group"):

HK$ million	Notes	2015	2014
Wholly-owned subsidiaries of CCT Fortis:			
Continuing connected transactions:			
Purchase of components	(i)	**75.5**	101.8
Factory rental income	(ii)	**6.0**	6.0
Office rental expenses	(iii)	**1.3**	1.3
Connected transactions:			
Issuance of convertible bonds	32	**795.7**	–
Quality claim income	(vii)	**23.7**	–
CCT Fortis:			
Continuing connected transaction:			
Management information system service fee	(iv)	**6.0**	6.0
Exempted connected transactions:			
Issuance of promissory notes	(v)	**75.0**	58.0
Waiver of a promissory note	(v)	**–**	27.0
Interest on promissory notes	(vi)	**5.0**	5.0

Notes:

(i) The components were purchased by the Group from a wholly-owned subsidiary of CCT Fortis. On 9 October 2012, the Company and CCT Fortis entered into a new manufacturing agreement (the "Component Manufacturing Agreement") to renew the terms and conditions set out in the Component Manufacturing Agreement which has a term of three years from 1 January 2013 to 31 December 2015, pursuant to which CCT Fortis agreed to manufacture through the CCT Fortis Group certain plastic casings, components and any other component products and toolings for the production of telecom and electronic products for the Group. The purchase prices of plastic casings, components and any other component products were determined based on the direct material costs plus a mark-up of no more than 250%. The tooling charges for the production of telecom and electronic products for the Group were determined based on the total costs plus a mark-up of no more than 50%.

(ii) The factory rental income was charged to Shine Best Developments Limited ("Shine Best"), an indirect wholly-owned subsidiary of CCT Fortis, by CCT Enterprise Limited ("CCT Ent"), an indirect wholly-owned subsidiary of the Company, for the provision of factory space in Huiyang, Mainland China, at a rent determined in accordance with the terms and conditions set out in a tenancy agreement (the "Huiyang Tenancy Agreement") entered into between Shine Best and CCT Ent on 30 September 2011, which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014 for a term of three years from 1 January 2015 to 31 December 2017. The terms and conditions of the renewed agreement are similar to the previous agreement.

(iii) The office rental expenses were charged to the Company by Goldbay Investments Limited ("Goldbay"), an indirect wholly-owned subsidiary of CCT Fortis, for the provision of office space in Hong Kong, at a rent determined in accordance with the terms and conditions set out in the tenancy agreement entered into between the Company and Goldbay on 30 September 2011 (the "Hong Kong Tenancy Agreement"), which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014 for a term of three years from 1 January 2015 to 31 December 2017. The terms and conditions of the renewed agreement are similar to the previous agreement.

(iv) The management information system service fee was charged to CCT Fortis by the Company for the provision of general management information system support, network and software consultation and hardware maintenance services. The fee was determined in accordance with the terms and conditions set out in the agreement entered into between CCT Fortis and the Company on 30 September 2011 (the "MIS Agreement"), which had a term of three years from 1 January 2012 to 31 December 2014. The agreement was renewed on 10 December 2014 for a term of three years from 1 January 2015 to 31 December 2017. The terms and conditions of the renewed agreement are similar to the previous agreement.

39. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes: *(continued)*

(v) On 23 December 2013, the Company entered into an agreement with CCT Fortis for a loan of HK$57 million in cash, which was satisfied by the Third Note issued by the Company. The terms of the Third Note have been summarised in note 29 to the financial statements. During the year ended 31 December 2014, HK$30 million of the Third Note was repaid and the remaining balance of HK$27 million had been waived by CCT Fortis.

On 3 March 2014, 6 June 2014 and 4 September 2014, the Company entered into agreements with CCT Fortis for loans in cash of HK$38 million, HK$13 million and HK$7 million, respectively, which were satisfied by the Fourth Note, the Fifth Note and the Sixth Note issued by the Company. The terms of each of the Fourth Note, the Fifth Note and the Sixth Note have been summarised in note 29 to the financial statements.

On 2 January 2015, 12 May 2015, 8 June 2015 and 3 July 2015, the Company entered into agreements with CCT Fortis for loans in cash of HK$20 million, HK$25 million, HK$10 million and HK$20 million, respectively, which were satisfied by the Seventh Note, the Eighth Note, the Ninth Note and the Tenth Note issued by the Company. The terms of each of the Seventh Note, the Eighth Note, the Ninth Note and the Tenth Note have been summarised in note 29 to the financial statements.

(vi) During the year ended 31 December 2015, interest expense of HK$5 million (2014: HK$5 million) has been accrued for the promissory notes issued to CCT Fortis and an independent third party. Details of the promissory notes are set out in note 29 to the financial statements.

(vii) The quality claim income was charged to CCT Plastic by CCT Tech (HK) Limited ("CCT (HK)"), an indirect wholly-owned subsidiary of the Company, in relation to quality issues on plastic components supplied by CCT Plastic to CCT (HK) under the terms and conditions in the Component Manufacturing Agreement described in note (i) above during the year ended 31 December 2015. The quality claim income was determined with reference to the selling price of the related components supplied.

The related party transactions in respect of items (i) to (iv) also constitute connected transactions and continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties:

Details of the Group's balances with CCT Fortis and its subsidiaries at the end of the reporting period are disclosed in notes 21, 24, 25 and 29 to the financial statements.

(c) Compensation of key management personnel of the Group:

HK$ million	**2015**	2014
Short term employee benefits	**13**	13

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

(d) As at 31 December 2015, CCT Fortis has guaranteed certain bank borrowings made to the Group up to HK$147 million (2014: HK$157 million) as further detailed in note 26(a) to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

Other than financial assets at fair value through profit or loss as disclosed in note 22 to the financial statements, all financial assets and liabilities of the Group as at 31 December 2015 and 2014, are loans and receivables, and financial liabilities at amortised cost, respectively.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments reasonably approximate to their fair values.

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

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

The fair values of promissory notes and the non-current portions of interest-bearing bank and other borrowings and pledged time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amounts of promissory notes and the non-current portions of interest-bearing bank and other borrowings and pledged time deposits approximate to their fair values. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2015 was assessed to be insignificant.

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Fair value hierarchy

	Fair value measurement using			
HK$ million	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value as at 31 December 2015:				
Financial assets at fair value through profit or loss	**14**	**–**	**–**	**14**

The Group did not have any financial assets measured at fair value as at 31 December 2014 and financial liabilities measured at fair value as at 31 December 2015 and 2014.

During the year ended 31 December 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax HK$ million
2015		
HK$	**100**	**1**
HK$	**(100)**	**(1)**
RMB	**100**	**1**
RMB	**(100)**	**(1)**
US$	**100**	**2**
US$	**(100)**	**(2)**
2014		
HK$	100	1
HK$	(100)	(1)
RMB	100	1
RMB	(100)	(1)
US$	100	3
US$	(100)	(3)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by or expenditure of operating units in currencies other than the units' functional currencies. During the year, the Group did not use any financial instruments for hedging purposes.

A reasonably possible increase/(decrease) of 5.92% (2014: 3.59%) in the exchange rate between RMB and HK$ would result in an increase/(decrease) on the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) by HK$2 million (2014: HK$6 million) in 2015.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's financial assets, which comprise bank balances, deposits, trade and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentration of credit risk is managed by counterparty.

There is no significant concentration of credit risk in relation to the Group's financial assets, other than trade receivables. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at the end of the reporting period.

As at 31 December 2015

HK$ million	Within one year or on demand	In the second year	In the third to fifth years	Total
Trade and bills payables	234	–	–	234
Other payables and accruals	49	–	–	49
Interest-bearing bank and other borrowings	312	72	1	385
	595	72	1	668

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

As at 31 December 2014

HK$ million	Within one year or on demand	In the second year	In the third to fifth years	Total
Trade and bills payables	442	–	–	442
Other payables and accruals	88	–	–	88
Interest-bearing bank and other borrowings	494	44	14	552
Promissory notes	5	904	130	1,039
	1,029	948	144	2,121

Capital management

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

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

The Group monitors capital using a gearing ratio, which is total borrowings divided by total capital plus total borrowings. The Group includes interest-bearing bank and other borrowings in the total borrowings. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods are as follows:

HK$ million	**2015**	2014
Interest-bearing bank and other borrowings	**364**	530
Total borrowings	**364**	530
Total capital	**1,583**	420
Total capital and borrowings	**1,947**	950
Gearing ratio	**18.7%**	55.8%

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

HK$ million	2015	2014
ASSETS		
Non-current assets		
Investments in subsidiaries	**1,616**	1,324
Current assets		
Due from a subsidiary	**–**	85
Prepayments, deposits and other receivables	**1**	1
Cash and cash equivalents	**15**	–
Total current assets	**16**	86
Total assets	**1,632**	1,410
EQUITY AND LIABILITIES		
Issued capital	**923**	654
Convertible bonds (note)	**916**	–
Reserves (note)	**(207)**	(234)
Total equity	**1,632**	420
Non-current liabilities		
Promissory notes	**–**	985
Total non-current liabilities	**–**	985
Current liabilities		
Other payables and accruals	**–**	5
Total current liabilities	**–**	5
Total liabilities	**–**	990
Total equity and liabilities	**1,632**	1,410
Net current assets	**16**	81
Total assets less current liabilities	**1,632**	1,405

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

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

HK$ million	Convertible bonds	Special reserve	Share premium account	Share option reserve	Accumulated losses	Total
At 1 January 2014	–	(56)	238	–	(400)	(218)
Loss for the year and total comprehensive income for the year	–	–	–	–	(18)	(18)
Equity-settled share option arrangements	–	–	–	2	–	2
At 31 December 2014 and 1 January 2015	**–**	**(56)**	**238**	**2**	**(418)**	**(234)**
Loss for the year and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(74)**	**(74)**
Exercise of share options (note 30(b))	**–**	**–**	**2**	**(2)**	**–**	**–**
Placement of new shares (note 30(c))	**–**	**–**	**64**	**–**	**–**	**64**
Share issue expenses (note 30)	**–**	**–**	**(3)**	**–**	**–**	**(3)**
Issuance of convertible bonds (note 32)	**1,096**	**–**	**–**	**–**	**–**	**1,096**
Conversion of convertible bonds (note 32)	**(180)**	**–**	**–**	**–**	**–**	**(180)**
Acquisition of a subsidiary (note 34)	**–**	**–**	**40**	**–**	**–**	**40**
At 31 December 2015	**916**	**(56)**	**341**	**–***	**(492)**	**709**

* Less than HK$1 million

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2016.

other information

PARTICULARS OF INVESTMENT PROPERTIES AS AT 31 DECEMBER 2015

Locations	Lot number	Uses	Tenure	Attributable interest of the Group
A factory complex located at Sanhe Development District, Danshui Town, Huiyang City, Guangdong Province, Mainland China	0302002	Industrial	Medium term lease	100%
Units 501–513 on 5/F, Podium of Shen Hua Commercial Building, Luohu District, Shenzhen, Mainland China	N/A	Commercial	Medium term lease	100%

PARTICULARS OF COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2015

Name of projects	Locations	Uses	Site area (square metres) (approximately)	Gross floor area (square metres) (approximately)	Stage of completion	Attributable interest of the Group
Landmark City Phases I and II	No. 253 Jiu Dao Road, Tiexi District, Anshan City, Liaoning Province, Mainland China	Residential and commercial	6,000	17,000	Completed	100%
Landmark City Phase III	No. 253 Jiu Dao Road, Tiexi District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	23,000	70,000	Completed	100%
Evian Villa Phase I	No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential and car parks	24,000	37,000	Completed	100%
Evian Villa Phase II	No. 37 Qian Ye Street, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	34,000	63,000	Completed	100%

PARTICULARS OF VACANT LAND AS AT 31 DECEMBER 2015

Name of projects	Locations	Uses	Site area (square metres) (approximately)	Gross floor area (square metres) (approximately)	Stage of completion	Attributable interest of the Group
Evian Garden	A piece of land located at north of Yueling Road, Gaoxin District, Anshan City, Liaoning Province, Mainland China	Residential, commercial and car parks	83,000	276,000	Planning	100%

five year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
HK$ million	**2015**	2014	2013	2012	2011
REVENUE	**810**	1,034	1,193	1,342	1,553
Cost of sales	**(741)**	(991)	(1,127)	(1,297)	(1,506)
Gross profit	**69**	43	66	45	47
Other income and gains, net	**34**	106	56	43	28
Selling and distribution expenses	**(24)**	(29)	(27)	(32)	(57)
Administrative expenses	**(85)**	(85)	(71)	(59)	(102)
Other expenses, net	**(28)**	(31)	(18)	(4)	(69)
Finance costs, net	**(42)**	(47)	(36)	(17)	(11)
LOSS BEFORE TAX	**(76)**	(43)	(30)	(24)	(164)
Income tax credit/(expense)	**2**	(10)	(1)	(34)	(1)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**(74)**	(53)	(31)	(58)	(165)

ASSETS AND LIABILITIES

	As at 31 December				
HK$ million	**2015**	2014	2013	2012	2011
TOTAL ASSETS	**2,421**	2,607	2,655	1,470	1,595
TOTAL LIABILITIES	**(838)**	(2,187)	(2,184)	(979)	(1,047)
	1,583	420	471	491	548

glossary of terms

GENERAL TERMS

"AGM"	Annual general meeting
"Audit Committee"	The audit committee of the Company
"Board"	The board of Directors
"CB Conditions"	the terms and conditions of the Convertible Bonds
"CCT Fortis"	CCT Fortis Holdings Limited, a company listed on the main board of the Stock Exchange and a former controlling shareholder of the Company
"CCT Securities"	CCT Telecom Securities Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CCT Fortis
"CEO"	The chief executive officer of the Company
"CG Code"	The Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	The chairman of the Company
"Company"	CCT Land Holdings Limited
"Convertible Bonds"	The zero coupon convertible bonds in the aggregate principal amount of HK$1,095,671,000 issued by the Company to CCT Securities and Glory Merit on 7 December 2015 as full settlement of the promissory notes previously due by the Company, pursuant to the terms and conditions of the Subscription and Settlement Agreement
"Director(s)"	The director(s) of the Company
"Executive Director(s)"	The executive director(s) of the Company
"Glory Merit"	Glory Merit International Investment Limited, a company incorporated in the British Virgin Island with limited liability, a third party independent to the Company and CCT Fortis
"Group"	The Company and its subsidiaries
"HK" or "Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"HK$" or "$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"INED(s)"	Independent non-executive director(s)
"Invested Entity"	Any entity in which any member of the Group holds any equity interest
"Jade Assets"	Jade Assets Company Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of CCT Fortis
"Listing Committee"	The listing committee of the Stock Exchange for considering applications for listing and the granting of listing

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Mainland China"	The mainland of the PRC
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
"N/A"	Not applicable
"2011 Scheme"	The share option scheme conditionally adopted by the Company on 27 May 2011 which took effect on 30 May 2011
"Nomination Committee"	The nomination committee of the Company
"Percentage Ratios"	The assets ratio, the profits ratio, the revenue ratio, the consideration ratio and the equity capital ratio as defined under Rule 14.07 of the Listing Rules
"PRC" or "China"	The People's Republic of China
"Remuneration Committee"	The remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	The ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	Holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription and Settlement Agreement"	The agreement dated 27 October 2015 (as amended by the supplemental agreement dated 10 November 2015) entered into by and among Jade Assets, CCT Securities, Glory Merit, CCT Fortis and the Company, under which the Company agreed to issue and CCT Securities and Glory Merit agreed to subscribe for the Convertible Bonds in settlement of the promissory notes payable by the Company to Jade Assets and Glory Merit
"US"	The United States of America
"US$"	United States dollar(s), the lawful currency of the US
"%"	Per cent.

FINANCIAL TERMS

"Gearing Ratio"	Total borrowings (representing bank & other borrowings) divided by total capital employed (i.e. total Shareholders' fund plus total borrowings)
"Loss Per Share"	Loss for the year attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the year
"Current Ratio"	Current assets divided by current liabilities