歡喜傳媒集團有限公司*

HUANXI MEDIA GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1003

ANNUAL REPORT 2015

* For identification purposes only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dong Ping *(Chairman)*
Mr. Xiang Shaokun, Steven
(Chief Executive Officer)

Non-Executive Directors

Mr. Ning Hao
Mr. Xu Zheng
Mr. Gao Zhikai
Mr. So Chak Kwong

Independent Non-Executive Directors

Mr. Su Tuong Sing, David
Mr. Li Xiaolong
Mr. Wong Tak Chuen

AUDIT COMMITTEE

Mr. Wong Tak Chuen *(Chairman)*
Mr. So Chak Kwong
Mr. Su Tuong Sing, David

REMUNERATION COMMITTEE

Mr. Su Tuong Sing, David *(Chairman)*
Mr. Dong Ping
Mr. Li Xiaolong

NOMINATION COMMITTEE

Mr. Su Tuong Sing, David *(Chairman)*
Mr. Dong Ping
Mr. Li Xiaolong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law
Weil, Gotshal & Manges
Robertsons

As to Bermuda Law
Appleby

REGISTERED OFFICE

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Hamilton HM12, Bermuda

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Admiralty, Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1003

WEBSITE

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http://www.huanximedia.com/

INVESTOR RELATIONS CONTACT

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Dear Shareholders,

The year 2015 has marked special significance in the development history of Huanxi Media Group Limited (the "Company", together with its subsidiaries, the "Group") as it has witnessed the Group's business transformation. The Company has been officially renamed as "Huanxi Media Group Limited" in September 2015. In addition, the Company adopted a new Chinese name "歡喜傳媒有限公司". The change of Company name is not only more accurately reflected its future strategic business direction, but also ushered in a new era with the Group's diversified businesses through entering the entertainment market in the People's Republic of China (the "PRC"). On top of its existing businesses, the Group has started to produce and invest in quality films and TV drama series, and evaluate the introduction of an innovative entertainment platform for audiences in China. I am pleased to review and share the latest business developments of the Group with you, as well as the major decisions and overall performance of the Group during the year.

The cultural and media industry in China has been booming in recent years. In 2015, the film industry in China has continued its strong development and recorded a remarkable result. According to statistics, total box office receipts of films in the PRC amounted to RMB44,069,000,000, representing a year-on-year growth of 48.7%. Domestically-produced films have also gradually developed into a major force which drives global film development. In 2015, the box office receipts of local produced films were RMB27,136,000,000, accounting for 61.58% of total box office in the PRC. In addition, since the third quarter last year, "Film Industry Promotion Law (Draft)" was promulgated by the Central Government, which has set up a reserve fund to support the development of the cultural industry in the country. Complementing this legislation, the Central Government has also launched "Measures for Collection, Usage and Management of Fund for Development of Film Industry", an indication of its enhanced support for the comprehensive development of the film industry, and efforts to satisfy the needs of the community related to this industry. The emerging opportunities and strong policy support by the Central Government provide favourable conditions for the Group to realise its goal to build a leading cultural conglomerate.

Business review

During the year under review, the Company appointed new members to the board of directors of the Company (the "Board"). In addition to my rich experience and wide network in investment and operation of Chinese media, advertising, satellite TV, film investment and production as well as media, our executive director, Mr. Xiang Shaokun, Steven is an expert in mergers and acquisitions and leads the Group to explore new opportunities riding on his extensive business experience in transactions across various media and cultural sectors. Besides, the four non-executive directors of the Company are luminaries in Hong Kong's and Mainland China's cultural and commercial sectors. Among them, Mr. Ning Hao and Mr. Xu Zheng (collectively, the "Director Shareholders"), who are not only the renowned movie directors in Asia but also in the international movie industry, have signed exclusive service agreements with the Group to produce one to two films every three years for the Group. Furthermore, our management team also includes elite professionals from the Mainland China entertainment and media industry, and they bring their extensive networks spanning the cultural, media and entertainment industry to the Group.

CHAIRMAN'S STATEMENT

Capitalising on the Board members and management's abundant experience and strategic management in the media and entertainment industry, together with the supportive national policies in the cultural and media industry, the new Board has been searching for opportunities that can benefit the Group's comprehensive development. In September 2015, the Group has announced the acquisition of 47.5% of box office income right of a Chinese comedy "Lost in Hong Kong" (港囧) at RMB150,000,000. This film was directed by our non-executive director, Mr. Xu Zheng who also played a significant role with world-renowned stars, such as, Ms. Zhao Wei, Mr. Bao Bei Er and top model Ms. Du Juan. It hit the screen in September 2015 and recorded a box office receipts of exceeding RMB1,600,000,000, ranking among the top four blockbusters in China in 2015.

In December 2015, the Group signed another film investment agreement with 東陽映月影視文化傳播有限公司 to acquire 20% of the income right of a Chinese animation film "Mr. Nian" (年獸大作戰) at RMB11,800,000. This film production marked a complete departure from traditional Chinese animation as it simulated the action of real people. It was released in the PRC on the first day of the Chinese New Year in 2016, and has been well-received by the general public.

In just four months, the Group has completed two major acquisitions, of which "Lost in Hong Kong" (港囧) has already contributed immediate and promising revenue to the Group during the year under review, demonstrating the clear vision and capability of the Board and management team.

Prospects

Despite a slowdown in the overall PRC economy in the past year and the expected slower growth in the coming year, the market is generally optimistic about the prospects of the film industry and new media-related industries in the PRC. Moreover, with the Central Government's promotion of Internet development and the approval of favorable legislation "Film Industry Promotion Law (Draft)" during initial discussions last year, the PRC film and new media industry has been regarded as a sunrise industry with promising potential in the PRC. Currently, the market value of the PRC media and entertainment industry has already reached US$180 billion, many market segments in the PRC entertainment industry are still experiencing annual double-digit growth and the growth momentum tends to increase. Moreover, the year 2016 ushers in China's 13th Five-Year Plan. As an important means to satisfy the spiritual and cultural demand and the leisure and entertainment needs of citizens in China, film and entertainment is set to become a pillar industry in the country's national economy along with its development in the coming five years. Thus, the Group is also poised to actively respond to the government's call for advancing the cultural sector.

Enhances the fundamentals of film products

With the improving living standard of the middle class in the PRC, the increase in disposable income has also spurred the development of the entertainment industry. As the disposable income per capita in the PRC has been rising for many years, demand among the populace for intangible culture, such as, film and TV entertainment industry has rapidly increased. Against the backdrop of the compound growth in box office of the PRC films, the Group firmly believes that the film-related entertainment industry will continue to serve as a pillar industry in the current and future national economy and is expected to maintain its trend of rapid growth in the foreseeable future. Hence, the Group will actively capture the timing and advantages of the industry development. By leveraging the extensive experience of the Group's management in the PRC film and TV industry and riding on strong support from the Board and shareholders, such as, Mr. Ning Hao and Mr. Xu Zheng, the Group will further diversify its business and allocate more resources to its business in the PRC media and entertainment industry. Meanwhile, the Group will also continue to actively explore additional capable domestic and overseas directors for cooperation to enrich the Group's film and TV products so as to further boost its competitive advantages in film and TV distribution as well as production and investment. The Group intends to develop or invest in at least one film or TV drama series every year with the aim to strive for better returns for the shareholders.

As such, the Group will strive for excellent film and TV programme productions which truly meet or even exceed the expectations of the target consumers through investing in and developing quality entertainment products, and the Group places great emphasis on enriching and enhancing the content of films and entertainment. For the business of film productions, preparations for new films including "Aliens Drive Me Crazy" and "Lost in India", directed by Mr. Ning Hao and Mr. Xu Zheng respectively, are well underway. In addition, the Group is constantly exploring opportunities to cooperate with more renowned directors in Asia to strengthen its creativity in film productions. The Group also places a high value on cultivating new talents in the Mainland film industry. Indeed, among the 47 domestically produced films with box office receipts exceeding RMB100,000,000, 28 films are directed by new directors while 13 of these films are the first product of these directors. Thus, the Group will continue to attract renowned, experienced and innovative directors from Mainland China, Hong Kong and Taiwan on the one hand, and actively identify new competent directors with great potential on the other hand to consolidate and further enhance the Group's competitive edge in film distribution, production and investment, as well as create content and products with high commercial value and artistic quality.

Build an innovative online film and TV platform

On the other hand, given the Central Government's efforts in promoting development of the Internet, the major trend of content creation migrating to the Internet in the PRC is expected to be seen in all aspects of the cultural and entertainment industry. The Internet content creation industry chain, which is represented by video websites and supplemented by film and TV organizations, will be formed. The Group expects new media film and TV platforms to become the new major development direction of the PRC entertainment, film and TV programme in the future. The Internet and mobile new media will soon match TV and films presented in traditional cinemas as an equally important media for the public to enjoy movies. The Internet and mobile new media will drive the change of the entire entertainment industry in the PRC and the transformation will offer more opportunities and challenges to the rapid growing industry at the same time.

CHAIRMAN'S STATEMENT

With the arrival of the big data era and the wide application of online purchase of movie tickets, the utilisation of new media film and TV platforms is becoming increasingly more widespread with strong growth momentum. According to the statistics about China's media, in 2015, the total broadcast volume of Internet drama, self-produced Internet programs and Internet movies reached approximately 25.79 billion, 9.25 billion and 2.7 billion respectively. Among these tallies, the broadcast volume of Internet movies increased by two times when compared to that of 2014. While the PRC film market has experienced rapid growth in recent years, and to cater for the increasing demand of the PRC audiences for quality online content, it is essential for the online film and video services to provide more exciting and distinctive content. In the meanwhile, as the middle class demographic with high spending power is expanding, the trend of online film and TV platform for the Internet has gradually entered into a stage of pay per view. To grasp the opportunities brought by the current new media video market and become a pioneer in the sector, the Group intends to cooperate with one or more licensed online broadcast platform operators in the PRC with the aim to provide more diverse and quality online film and TV video products to online users in the Greater China region. With its strong capability in the creation and acquisition of original films, the Group aims to bring a vibrant online film and TV platform with powerful functionality to audiences across the PRC. The fast-growing trend of digitalisation becomes an important driver of our new media business. With the Group's rich experience in film and TV content creation and its management team's acute sense of the preferences and trends of PRC media and entertainment industry, the Group plans to develop an online film and TV services platform by adding more distinctive, innovative and market-oriented film and TV elements aimed at providing constant momentum to support long-term and sustainable development of the new media business. Given the enormous potential of the new media market, the Group firmly believes that the launch of the online film, TV and video service platform is set to become one of the Group's new business engines to generate sustainable growth.

The Group believes that the continuous economic growth, urbanisation and improving living standard of citizens in China are the main drivers for its business growth and the growing demand in the entertainment consumption industry. The overall economic growth and disposable income in China has been and will continue to be affected by many macroeconomic factors including changes in the global economy, as well as the macro economy, financial and monetary policy of the PRC government. With regard to this, the Group will closely monitor the overall economy of China and adopt timely measures to mitigate any adverse impact on the Group's business development. In addition, the exclusive service agreements signed with the two Director Shareholders are amongst the most important bases for the development of the Group's film business. According to the service agreements signed by the Director Shareholders and the Group, Director Shareholders shall not, directly or indirectly entrust or authorise any third party to undertake any business which is the same as, similar to or competes with the businesses of the Group, seize any business opportunity of the Group or solicit any clients or potential clients of the Group, or interfere or damage any relationship or contracts between the Group and any clients or potential clients.

At the same time as the Group actively expands its business, it is also committed to fulfilling its corporate social responsibility and giving back to society. In formulating development strategies and in the process of operation and management, the Group has acted responsibly towards the environment and society so as to maintain the harmonious, long term and sustainable development of the community, the environment and the economy. The Group will regularly conduct a review of its policies and strategies in the environmental, social and governance fields, including strict compliance with laws and regulations related to environmental protection, as well as the adoption of environmental protection measures in order to lessen the impact of its daily operations on the environment and build an "environmentally-friendly" industry. As for fulfilling its corporate social responsibility, the Group is guided by the "people-oriented" concept which aims to facilitate the harmonious growth among different social organizations and individuals, such as, the company and investors, employees, customers, the public and the government. These efforts help the Group create a harmonious community and realise social integration benefits including the maximising of corporate revenue.

In 2016, the Group will develop the film and TV entertainment business in the PRC at full throttle to accelerate its business presence in the field of film and TV culture. The Group will also optimally utilize the resources and leverage the advantages of its management team and Director Shareholders in the media and entertainment industry and will continue to actively explore the opportunities to cooperate with outstanding partners. Under the leadership of our experienced management team, the Group will continue to closely examine the market environment so as to develop film and TV products and an entertainment platform to spur the Group's media and entertainment-related businesses and to further reinforce and broaden its competitiveness advantages. Meanwhile, the Group will actively explore potential opportunities to further diversify the entertainment business with the aim to create greater long-term returns for shareholders and ultimately advance its sustainable business development in the long run.

I would like to take this opportunity to express my appreciation of the Group's Board members, the management team, our business partners and our colleagues for their joint efforts and dedication to drive the Group's advancement.

Dong Ping
Chairman

Hong Kong, 23 March 2016

Business and Operation Review

For the year ended 31 December 2015, the Group has been mainly engaged in the media and entertainment and related businesses, the advertising agency business, provision of property agency and related services and securities trading and investment. Starting from the second half of 2015, the Group has gradually diversified its operations through developing media, entertainment and related businesses, which comprise the planning of and investment in television drama series and films mostly within the People's Republic of China (the "PRC"). Just a few months after it has diversified the businesses and introduced strategic shareholders and new management, the Group signed several agreements to invest in films with potential box office success and develop online video platforms, including two exclusive service agreements with renowned directors, Mr. Ning Hao and Mr. Xu Zheng (collectively, the "Director Shareholders"), who have become our shareholders and non-executive directors. Under the terms of the service agreements, the Director Shareholders are required to produce one to two films every three years by 31 December 2020, which can considerably enhance our capabilities in film content creation and development.

Change of Company Name

To better reflect the Group's development of media and related businesses in China, the special general meeting of the Company held on 28 August 2015 approved the Company to change its name from "21 Holdings Limited" to "Huanxi Media Group Limited" with effect from 22 September 2015. In addition, the Company adopted a new Chinese name "歡喜傳媒集團有限公司". Trading of the shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the stock short name was changed to "HUANXI MEDIA" in English and "歡喜傳媒" in Chinese with effect from 22 October 2015.

Film rights investment and advertising agency

For the year ended 31 December 2015, the film rights investment and advertising agency business generated a revenue and segment profit of HK$217,701,000 (2014: nil) and HK$33,170,000 (2014: HK$49,000) respectively, mainly from "Lost in Hong Kong" in which the Group owns 47.5% of the box office income rights. On 21 September 2015, the Group signed an agreement with 北京真樂道文化傳播有限公司 ("北京真樂道") to acquire the 北京真樂道's income right in "Lost in Hong Kong" at RMB150,000,000 (equivalent to approximately HK$184,615,000). Under the agreement, the Group obtained 47.5% of the net income of this film from cinemas in the PRC and overseas for a period of six years commencing from the date of its first release (i.e. 25 September 2015). The acquisition has been completed on 22 December 2015 and was recognised during the year.

The Group also signed movie investment agreements with 東陽映月影視文化傳播有限公司 on 24 December 2015 to invest RMB11,800,000 (equivalent to approximately HK$13,925,000) in a Chinese animation "年獸大作戰". Under the agreements, the Group obtained 20% of net income, after deduction of a bonus for the production team, of this film for a period of nine years commencing from the date of its first commercial release. The film was premiered on 8 February 2016, the first day of the Chinese New Year, in the PRC and its revenue contribution is expected to be reflected in the first half of 2016.

Property Agency in Hong Kong and the PRC

For the year ended 31 December 2015, the Group's property agency business recorded a revenue and segment loss of HK$49,212,000 and HK$9,690,000, representing a decrease of around 75.9% and an increase of around 64.8% from the revenue of HK$203,803,000 and segment loss of HK$5,887,000 in last year. This decrease was mainly contributed by (i) the control measures by the Hong Kong Government effectively reducing the number of property transactions notably, (ii) the intense competition among the property agents in Hong Kong and (iii) no additional cash allocated for financing customers' multiple registrations for new projects launched by property developers. As the property agency market is very competitive, the Group is running its business prudently to ensure it can generate the best returns for its shareholders.

Securities Trading and Investments

For the year ended 31 December 2015, the Group's securities trading and investments recorded a segment loss of HK$1,832,000 (2014: segment profit of HK$865,000) which was mainly due to loss from change in fair value of investments held for trading.

After the year ended, the Group signed a framework agreement with MUBI, Inc. ("MUBI"), which operates a world-renowned curated online video-on-demand platform, in respect of proposed strategic cooperation on 13 January 2016. The Group intends to subscribe for new stock in MUBI representing 8% of the issued capital stock of MUBI at US$10,000,000 and establish a joint venture with MUBI. The Group is to inject US$40,000,000 cash into a company or other entity established for the joint venture ("Joint Venture Entity") for 70% of issued share capital of Joint Venture Entity, and MUBI is to invest by way of license of its intellectual property into the Joint Venture Entity for 30% of the issued share capital of the Joint Venture Entity. The Joint Venture Entity is to work with one or more licensed platform operators to provide online video services to consumers in the Greater China market. It is to distribute the films and videos that the Group develops, invests in or has a copyright online. The parties have not signed definitive agreement regarding the cooperation. As at the date of this annual report, the proposed transaction had not been completed. The Company will make an announcement on any further update as and when appropriate.

Financial Review

Review of Results

For the year ended 31 December 2015, the Group reported a revenue of HK$266,913,000 (2014: HK$203,803,000) and net loss attributable to the owners of the Company of HK$92,796,000 (2014: HK$13,144,000). The loss incurred during the year was mainly attributable to (i) a significant drop in property sales transaction of the property agency segment; and (ii) one-off non-cash share-based payments of HK$81,000,000 in relation to the issuance of shares to financial adviser upon subscription of shares. If the one-off non-cash share-based payments was excluded, the net loss attributable to the owners of the Company for the year under review would have been HK$11,796,000.

For the year ended 31 December 2015, the Group recorded investment and other income of HK$6,888,000 with a significant increase of 302.3% as compared with HK$1,712,000 for last year. Such increase was mainly due to the increase in interests on loan receivables and bank deposits of HK$4,138,000 and HK$1,785,000 respectively.

For the year ended 31 December 2015, selling and distribution costs decreased by 77.9% to HK$921,000 as compared to HK$4,170,000 in 2014. Such decrease was mainly due to market research conducted in relation to the Group's plan for expanding property agency business in overseas for the year ended 31 December 2014.

For the year ended 31 December 2015, administrative expenses increased by 36.3% to HK$47,361,000 as compared to HK$34,756,000 in 2014. Such increase was mainly due to the incurrence of expenses for the expansion and development on the film rights investment and advertising agency business.

During the year under review, a one-off share-based payments of HK$81,000,000 was recognised, which was the fair value of 30,000,000 shares in relation to the settlement of financial advisory services fee with regards to the subscription of shares.

At the end of the reporting period, the Group performed impairment test on the carrying amount of goodwill to determine any potential impairment according to Hong Kong Accounting Standard 36 "Impairment of Assets". The entire net carrying amount of goodwill as at 31 December 2015 has been allocated to the property agency segment in Hong Kong. During the year ended 31 December 2015, an impairment loss of HK$4,395,000 was recognised, which was based on the past performance of the property agency segment in Hong Kong, management's expectations for market development as well as the potential profitability in the property agency market in Hong Kong, taking into account the effects of the new cooling measures launched in February 2015 and intense competition among the property agents in Hong Kong. The Directors therefore were of the opinion that their expectation as at 31 December 2014 on potential profitability could not be met and as a result, the valuation assumptions and the cash flow projection have been adjusted to reflect a more conservative expectation, leading to the impairment loss.

For the year ended 31 December 2015, loss per share for the Group amounted to HK$0.08 (2014: HK$0.03) and net assets value attributable to the owners of the Company per share was HK$0.43 (2014: HK$0.58).

Liquidity and Financial Resources

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations and equity financing. As at 31 December 2015, the Group maintained a sufficient working capital amounting to HK$988,290,000 (2014: HK$250,805,000) with bank balances and cash of HK$726,598,000 (2014: HK$231,917,000). As at 31 December 2015, the total equity of the Company amounting to HK$990,116,000 (2014: HK$342,110,000) with no borrowings (2014: HK$6,000,000). The Group's gearing ratio, express as the percentage of total borrowings over total capital, of the Group as at 31 December 2015 was zero (2014: 1.8%). Total capital is calculated as total equity plus total borrowings.

Capital Structure

As at 31 December 2015, the Company has 2,308,555,408 ordinary shares of HK$0.01 each (the "Shares") in issue.

During the year ended 31 December 2014 and 2015, the movement in the share capital of the Company and the use of proceeds from fund raising activities are as follows:

a. On 5 May 2014, the Company allotted and issued 64,000,000 Shares at a placing price of HK$0.81 per Share (the "Placing") to not less than six individual investors, whose ultimate beneficial owners are independent third parties, pursuant to the general mandate granted to the Directors at the annual general meeting held on 24 May 2013 and a placing agreement dated 25 April 2014. The placing price of HK$0.81 per Share represented a discount of approximately 18.18% to the closing price of HK$0.99 per Share as quoted on the Stock Exchange on 25 April 2014, being the date on which the terms of the Placing were fixed. The net placing price, after deducting the relevant expenses, was approximately HK$0.78 per Share and the aggregate nominal value of the Shares issued was HK$640,000. The net proceeds from the Placing of approximately HK$49,955,000 was intended to use for expansion of the new business, namely the provision of mortgage financing. As at 31 December 2015, approximately HK$7,255,000 has been used for repayment of loan payable and accrued interest and the remaining HK$42,700,000 of the net proceeds has been used for investments in securities listed in Hong Kong.

b. On 16 June 2014, the Company further allotted and issued 192,379,617 Shares at a subscription price of HK$0.50 per Share by way of open offer to the qualifying shareholders of the Company on the basis of one new Share for every two existing Shares held on 21 May 2014 (the "Open Offer"). The net proceeds from the Open Offer of HK$92,671,000 was intended to use for expansion of the new business, namely the provision of mortgage financing. As at 31 December 2015, HK$80,000,000 has been used for financing the granting of loan to an independent third party for a term of two years and the remaining HK$12,671,000 of the net proceeds has been used for investments in securities listed in Hong Kong.

c. On 14 April 2015 and 13 May 2015, the Company entered into a subscription agreement and an amendment agreement with Newwood Investments Limited, Numerous Joy Limited, Pacific Wits Limited, Tairong Holdings Limited, Wise Dragon International Limited, Gold Shine Investment Company Limited, Dayunmony Investment Corporation, Concept Best Limited and REORIENT Global Limited (collectively the "Subscribers"), pursuant to which the Company conditionally agreed to allot and issue, and Subscribers conditionally agreed to subscribe for, a total of 1,701,416,556 new Share ("Subscription Shares") at an issue price of HK$0.40 per Share (the "Subscription") with aggregate subscription price of HK$680,567,000. The Company had also agreed to allot and issue 30,000,000 new Shares ("Fee Shares") to financial adviser for the settlement of the financial advisory service fee in respect of the Subscription. The newly Subscription Shares represent approximately 294.8% of the issued share capital of the Company as at 14 April 2015 and approximately 73.7% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and Fee Shares as at the date of the Subscription. The subscription price of HK$0.40 per Share represents a discount of approximately 79.17% to the closing price of HK$1.92 per Share as quoted on the Stock Exchange on 14 April 2015, being the date on which the terms of the Subscription were fixed. The net subscription price, after deducting the relevant expenses, was approximately HK$0.395 per Share and the aggregate nominal value of the Subscription Shares and Fee Shares issued were approximately HK$17,014,000 and HK$300,000 respectively. The net proceeds of approximately HK$672,622,000 (excluding the financial advisory fees in respect of the Subscription settled by Fee Shares) from the Subscription was intended to use for (i) providing the Group an opportunity to leverage on the extensive experience, expertise and business connection of the Subscribers to develop existing and new business in the advertising, media and entertainment industry; and (ii) the Group's general working capital. As at 31 December 2015, approximately HK$186,830,000 has been used for investments in the Group's movies, approximately HK$2,018,000 has been used for investments in securities listed in Hong Kong, approximately HK$1,000,000 has been used for acquisition of a subsidiary, approximately HK$22,279,000 has been used for the Group's operating expenses and the remaining approximately HK$460,495,000 of the net proceeds has not yet been utilised and has been deposited in licensed banks in Hong Kong.

Charges on Assets

As at 31 December 2015, the Group did not have any charge of assets (2014: The Group had an undated share charge over the entire issued share capital of Kingbox Investments Limited ("Kingbox") and the shareholder's loan due by Kingbox to the Company as a security for a loan payable of HK$6,000,000). The consolidated net asset values of Kingbox and its subsidiaries and the shareholder's loan as at 31 December 2014 were HK$42,400,000 and HK$18,300,000 respectively.

Exposure to Exchange Rate

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, US dollars and Renminbi. The Group's exposure to currency risk of US dollars is minimal as the Hong Kong dollars is pegged to the US dollars. Nevertheless, operations and performances of the Group might be affected by the fluctuation in the exchange rates of the Renminbi. Presently, the Group does not have any currency hedging policy but will closely monitor the exchange rate of the Renminbi and take appropriate measures to minimise any adverse impact that may be caused by its fluctuation.

Risk Management

During the year, the Group constantly reviewed the risk and credit control systems of its profit centres to improve the overall control system and mitigate the credit risk.

Contingent Liabilities

As at 31 December 2015, the Group has no material contingent liabilities (2014: nil) except for the litigation described in note 36 to this annual report.

Litigation

Details of the litigation are set out in note 36 to this annual report.

Employees and Remuneration Policies

As at 31 December 2015, the Group had 32 (2014: 24) employees and 167 (2014: 249) agents. The Group has developed effective remuneration policies that are subject to review on regular basis. The employees are remunerated with competitive packages which are in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme are also in place to recognise the outstanding employees.

BIOGRAPHICAL DETAILS OF DIRECTORS

Set out below are the biographical details of the directors of the Company (the "Directors") as at the date of this annual report:

EXECUTIVE DIRECTORS

Mr. Dong Ping ("Mr. Dong")

Mr. Dong, aged 54, was appointed as an executive Director on 2 September 2015, redesignated as the chairman (the "Chairman") of the Board on 15 January 2016 and is also a member of remuneration committee and a member of nomination committee of the Company. Mr. Dong is also director of a number of subsidiaries of the Company. Mr. Dong has extensive experience, knowledge and connection in investment and operation of Chinese media, advertisement, satellite TV, film productions and media fields and was the former Chairman of ChinaVision Media Group Limited (now known as Alibaba Pictures Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1060). Mr. Dong has been the principal investor, producer and co-producer of various internationally renowned films, including Crouching Tiger Hidden Dragon《臥虎藏龍》(directed by Mr. Ang Lee (李安)), Devils on the Doorstep《鬼子來了》(directed by Mr. Jiang Wen (姜文)), Peacock《孔雀》(directed by Mr. Gu Changwei (顧長衛)), Let the Bullets Fly《讓子彈飛》(directed by Mr. Jiang Wen (姜文)), Journey to the West《西游降魔》(directed by Mr. Stephen Chow (周星馳)), Dearest《親愛的》(directed by Mr. Chan Ho Sun (陳可辛)) and Breakup Buddies《心花路放》(directed by Mr. Ning Hao). Some of these films have won numerous major awards in both domestic and overseas film festival. From August 2003 to April 2005, Mr. Dong was the president of Asian Union Film and Media. Between 31 May 2005 and 11 January 2008, Mr. Dong was appointed as an executive director of Asian Union New Media (Group) Limited (華億新媒體（集團）有限公司) (now known as China Jiuhao Health Industry Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 419), and was the chairman of the board of directors from 12 May 2006 to 11 January 2008.

As at the date of this report, Mr. Dong was deemed to be interested in 1,431,304,354 Shares (being 461,711,082 Shares held by Newwood Investments Limited ("Newwood"), 92,342,216 Shares held by Numerous Joy Limited ("Numerous Joy"), 438,625,528 Shares held by Pacific Wits Limited ("Pacific Wits") and 438,625,528 Shares held by Tairong Holdings Limited ("Tairong") within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Please refer to the section "Directors' Interests in Securities" in the Directors' Report of this annual report for details.

Mr. Xiang Shaokun, Steven ("Mr. Xiang")

Mr. Xiang, aged 53, was appointed as an executive Director on 2 September 2015 and the Chief Executive Officer of the Group on 18 September 2015. Mr. Xiang is also director of a number of subsidiaries of the Company. Mr. Xiang was a partner of Weil, Gotshal & Manges LLP, an international law firm, where he has led its China practice since 2004. Previously, Mr. Xiang was a partner in the Shanghai office of Clifford Chance, an international law firm from 2002 to 2004. A specialist in mergers and acquisitions, Mr. Xiang has acted as the principal counsel in many significant transactions including representing Lenovo Group Limited in its acquisition of IBM's global personal computer business. He holds a degree of juris doctor from Vanderbilt University School of Law, U.S.A. and a Bachelor of Arts from Beijing University of International Studies. Mr. Xiang is licensed to practice law in New York and in Hong Kong. Mr. Xiang has been consistently ranked as one of the top mergers and acquisitions lawyers by Chambers.

NON-EXECUTIVE DIRECTORS

Mr. Ning Hao ("Mr. Ning")

Mr. Ning, aged 38, was appointed as a non-executive Director on 2 September 2015. Mr. Ning majored in photography and obtained a bachelor degree from Beijing Film Academy (北京電影學院), PRC, in 2003. Mr. Ning is a film director and screenwriter who has directed seven films between 2003 and 2014, which were engraved with his unique personal style and won international acclaim. All of Mr. Ning's films have achieved strong investment returns. His directorial debut Incense《香火》(2003) and his second film Mongolian Ping Pong《綠草地》(2004) were nominated in more than 50 international film festivals, including the Berlin Film Festival, Locarno Film Festival and the Hong Kong Film Festival. Among these, Incense won the Grand Prize at the Fourth Tokyo FILMeX Festival in 2003 and the Golden Prize (Asian Digital Films) at the 28th Hong Kong International Film Festival in 2004. In 2006, Mr. Ning directed his small budget film Crazy Stone《瘋狂的石頭》, which won the Taiwan Golden Horse Award (臺灣金馬獎) for the Best Original Screenplay. Crazy Racer (《瘋狂的賽車》) (2009), which was wrote and directed by Mr. Ning, was produced for an investment of only RMB10 million and achieved over RMB100 million at the box office. In 2013, Mr. Ning directed No Man's Land 《無人區》, which won the Annual Tribute Movie by One Hundred Media (百家傳媒年度致敬電影) at the 14th Chinese Film Media Awards (華語電影傳媒大獎). Mr. Ning also directed the huge box office hit Breakup Buddies《心花路放》(2014) which grossed RMB1,169 million at the PRC box office and became the highest grossing-domestic Chinese film of the year.

As at the date of this report, Mr. Ning was deemed to be interested in 1,431,304,354 Shares (being 461,711,082 Shares held by Newwood, 92,342,216 Shares held by Numerous Joy, 438,625,528 Shares held by Pacific Wits and 438,625,528 Shares held by Tairong) within the meaning of Part XV of the SFO. Please refer to the section "Directors' Interests in Securities" in the Directors' Report of this annual report for details.

Mr. Xu Zheng ("Mr. Xu")

Mr. Xu, aged 43, was appointed as a non-executive Director on 2 September 2015. Mr. Xu graduated with a bachelor degree from Shanghai Theatre Academy (上海戲劇學院), PRC, in 1994. Mr. Xu is an actor, director, screenwriter and producer. He started his career as an actor in the 1990s. Mr. Xu rose to national stardom in 2000 with the TV series Sunny Piggy《春光燦爛豬八戒》, followed by other successful TV dramas such as Li Wei the Magistrate《李衛當官》(2002). Mr. Xu then focused more on films, starring in comedies Call for Love《愛情呼叫轉移》(2007) and Call for Love II《愛情呼叫轉移2》(2008), Lost on Journey《人在囧途》(2010), No Man's Land 《無人區》(2013) (for which he was awarded the best lead actor by the Chinese Film Director Association (中國電影導演協會) in 2014) and the huge box office hit Breakup Buddies《心花路放》(2014) and Lost in Hong Kong《港囧》(2015). In 2012, his directorial debut Lost in Thailand《人在囧途之泰囧》(a road trip comedy) which he also wrote, produced and starred in, earned over US$200 million and became the highest-grossing domestic Chinese film ever. In 2014, he produced and starred in The Great Hypnotist《催眠大師》(a suspense thriller film), which achieved groundbreaking box-office success and a great reputation in the Chinese suspense thriller film market.

As at the date of this report, Mr. Xu was deemed to be interested in 1,431,304,354 Shares (being 461,711,082 Shares held by Newwood, 92,342,216 Shares held by Numerous Joy, 438,625,528 Shares held by Pacific Wits and 438,625,528 Shares held by Tairong) within the meaning of Part XV of the SFO. Please refer to the section "Directors' Interests in Securities" in the Directors' Report of this annual report for details.

Mr. Gao Zhikai ("Mr. Gao")

Mr. Gao, aged 54, was appointed as a non-executive Director on 2 September 2015. Mr. Gao is the vice chairman of Sino-Europe United Investment Corporation. Mr. Gao has extensive experience, knowledge and professional expertise in law, investment banking, venture capital and private equity, and corporate management. In the 1980s, Mr. Gao was an English interpreter for the Second Generation of Chinese leaders, including Mr. Deng Xiaoping, and also worked with the United Nations Secretariat in New York City. Mr. Gao's main working experience since graduating from Yale Law School in 1993 with a Juris Doctor degree included working as a lawyer with the New York City-headquartered law firm, Milbank, Tweed, Hadley & McCloy, as an investment banker with Morgan Stanley and its joint venture investment bank in China, China International Capital Corporation, as the China Policy Advisor with the SFC, and with major corporations including PCCW Limited, Henderson Land Development Company Limited and China National Offshore Oil Corporation ("CNOOC"). At CNOOC, Mr. Gao was a senior vice president, general counsel, company secretary, and a member of the CNOOC's Investment Committee, and a director of CNOOC International, the holding company for all the overseas operating assets of CNOOC. Mr. Gao was the first secretary general of China Private Equity Association (which was subsequently renamed China Association of Private Equity). Mr. Gao was also an executive vice president, managing director and co-chairman of China at Daiwa Capital Markets (Hong Kong) Limited. Over the past two decades, Mr. Gao has extensive experience as a director and/or advisor to major corporations, both in China and internationally, including a number of Fortune 500 companies. At present, Mr. Gao is a member of the Global Council of Asia Society, a member of the International Advisory Board of the Brookings Doha Energy Forum, a member of the International Advisory Board of the Energy Intelligence Group, the chairman of China Energy Security Institute, and a member or an advisor at a number of other non-profit and charity organizations. Mr. Gao has a Bachelor of Arts degree in English Literature from Suzhou University, a Master of Arts degree in English Literature from Beijing University of Foreign Studies, a Master of Arts degree in Political Science from the Graduate School of Yale University, and a Juris Doctor degree from Yale Law School. Mr. Gao is licensed as an attorney-at-law in the State of New York of the United States of America.

As at the date of this report, Mr. Gao was deemed to be interested in 46,171,108 Shares (being 46,171,108 Shares held by Dayunmony Investment Corporation) within the meaning of Part XV of the SFO. Please refer to the section "Directors' Interests in Securities" in the Directors' Report of this annual report for details.

Mr. So Chak Kwong ("Mr. So")

Mr. So, aged 71, was appointed as a non-executive Director on 2 September 2015. Mr. So is also a member of the audit committee of the Company. Mr. So is currently an independent non-executive director of the AIA Group Limited (stock code: 1299). From August 2007 to September 2010, Mr. So served as an independent non-executive director of AIA Company Limited (formerly known as American International Assurance Company, Limited), a wholly-owned subsidiary of the AIA Group Limited. He is currently also an independent senior advisor to Credit Suisse, Greater China. Mr. So also served as an independent non-executive director of Cathay Pacific Airways Limited from September 2002 to May 2015 and an executive director of the Hong Kong Trade Development Council from 1985 to 1992 and was appointed as its chairman in October 2007. He was also appointed as the chairman of the Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland in October 2013, served as the chairman of the Film Development Council from April 2007 to March 2013 and was awarded the Gold Bauhinia Star by the HKSAR Government in 2011. He has been a member of the Chinese People's Political Consultative Conference since 2008. He is an International Business Advisor to the Mayor of Beijing and the Honorary Consultant to the Mayer of San Francisco.

As at the date of this report, Mr. So was deemed to be interested in 46,171,108 Shares (being 46,171,108 Shares held by Concept Best Limited) within the meaning of Part XV of the SFO. Please refer to the section "Directors' Interests in Securities" in the Directors' Report of this annual report for details.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Su Tuong Sing, David ("Mr. Su")

Mr. Su, aged 44, was appointed as an independent non-executive Director on 2 September 2015. Mr. Su is also the chairman of the remuneration committee, the chairman of the nomination committee and a member of the audit committee of the Company. Mr. Su is a managing partner at Matrix Partners China, a venture capital firm specializing in, early and growth stage investments and focused primarily on internet, mobile, software and medical technology investments. Mr. Su, through Matrix Partners China and other investment vehicles, has been investing in China for the past 15 years and his investments include Baidu Inc. (NASDAQ: BIDU), China Kanghui Holdings Inc. (NYSE: KH), AAC Technologies Holdings Inc. (stock code: 2018), Bona Film Group Limited (NASDAQ: BONA), DiDi-Kuaidi, Shanghai Kingnet Technology Co. Ltd, and Reach Surgical, Inc.. Prior to joining Matrix Partners China, Mr. Su was a co-founder and general partner of TDF Capital and KPCB China Fund, both of which are venture capital firms specializing in early and growth stage investments. Prior to joining the venture capital industry, Mr. Su worked at Lotus Development, IBM Software Company for seven years and he had made significant contributions to Lotus's overall software and services business in the Greater China region. Mr. Su started his career at Port of Singapore Authority, responsible for information system development and management. Mr. Su graduated from Nanyang Technological University with a Bachelor Degree in Computer Engineering.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Li Xiaolong ("Mr. Li")

Mr. Li, aged 50, was appointed as an independent non-executive Director on 2 September 2015. Mr. Li is a member of the remuneration committee and a member of the nomination committee of the Company. Mr. Li has more than 20 years of experience in the industry of information technology and telecommunications. He is the founder and chairman of Net 263 Ltd. (Shenzhen Stock Exchange: 002467), a company based in Beijing and which provides integrated communication services for medium-and small-sized enterprises and professionals. Since September 2004, Mr. Li was the director and general manager of Net 263 Ltd., and since August 2006, the director of Net 263 Ltd. He has been an independent director at E-Commerce China Dangdang Inc. (NYSE: DANG) since December 2010, and an independent director at Kongzhong Corp. (NASDAQ: KZ) since 2012. Mr. Li studied Computer Science at Beijing Industry University. Mr. Li attended the undergraduate program in software engineering in Beijing University of Technology. In January 2013, Mr. Li was appointed as a committee member of the telecommunications and economic experts of the Ministry of Industry and Information Technology.

Mr. Wong Tak Chuen ("Mr. Wong")

Mr. Wong Tak Chuen, aged 51, joined the Company as an independent non-executive director on 10 April 2014. Mr. Wong is the chairman of the audit committee. Mr. Wong is a fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants in the United Kingdom, as well as a member of the Institute of Chartered Accountants in England and Wales. He has over 20 years of experience in auditing, financial management, mergers and acquisitions gained from certain senior finance related positions in an international accounting firm in Hong Kong, companies listed in Hong Kong and a company listed in the United States of America. He is currently the chief financial officer and the company secretary of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Wong has been an independent non-executive director of Eternity Investment Limited (stock code: 764, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited) since 7 November 2011.

The remuneration of the above Directors are determined by the Board with reference to their experience and the prevailing market rate.

CORPORATE GOVERNANCE

The Board considers that maintaining corporate governance at high standard is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders. Therefore, the Company is committed to good corporate governance practices for corporate sustainability and business growth.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2015, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as listed out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the deviations from Code A.2.1, A.5.1 and A.6.7 details of which are described in the sections "Chairman and Chief Executive Officer", "Nomination Committee" and "Board Composition" of this Corporate Governance Report.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry, all Directors confirmed that they fully complied with the Model Code throughout the year.

BOARD OF DIRECTORS

The Board is vested with the key roles of formulating the Group's corporate strategic directions and policies; monitoring the financial performance and internal control system of the Group and overseeing the performance of management, which is delegated with the responsibilities of executing the Board's decision and in-charging day-to-day operation.

The Directors acknowledge their responsibility for preparing the financial statements of the Company. The statement made by the auditor of the Company regarding their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of the annual report.

The changes in the directorships during 2015 are as follows:

1. On 2 September 2015, (i) Mr. Lei Hong Wai resigned as the Chairman of the Board, an executive Director and ceased to be the chairman of nomination committee and a member of remuneration committee of the Company; (ii) Mr. Cheung Kwok Fan resigned as an executive Director; (iii) Ms. Chio Chong Meng resigned as an independent non-executive Director and ceased to be the chairman of remuneration committee and member of audit committee and nomination committee of the Company.

2. On 2 September 2015, Mr. Dong Ping and Mr. Xiang Shaokun Steven, were appointed as executive Directors, Mr. Ning Hao, Mr. Xu Zheng, Mr. Gao Zhikai and Mr. So Chak Kwong were appointed as non-executive Directors; and Mr. Su Tuong Sing, David and Mr. Li Xiaolong were appointed as independent non-executive Directors.

3. On 18 September 2015, (i) Mr. Ng Kai Man resigned as an executive Director; and (ii) Mr. Man Kong Yui resigned as an independent non-executive Director and ceased to be member of audit committee, remuneration committee and nomination committee of the Company.

4. On 18 September 2015, (i) Mr. Xiang Shaokun, Steven an executive Director, was appointed as the chief executive officer of Group; (ii) Mr. Su Tuong Sing, David and Mr. So Chak Kwong were appointed as the members of audit committee of the Company (with Mr. Wong Tak Chuen remained as the chairman of the audit committee); (iii) Mr. Su Tuong Sing, David, Mr. Dong Ping and Mr. Li Xiaolong were appointed as the members of nomination committee of the Company and Mr. Su Tuong Sing, David be appointed as the chairman of the nomination committee; (iv) Mr. Su Tuong Sing, David, Mr. Dong Ping and Mr. Li Xiaolong were appointed as the members of remuneration committee of the Company and Mr. Su Tuong Sing, David was appointed as the chairman of the remuneration committee.

On 15 January 2016, Mr. Dong Ping, an executive Director, has redesignated as the Chairman of the Board with effect from 15 January 2016.

BOARD COMPOSITION

The Board currently comprises two executive Directors, four non-executive Directors and three independent non-executive Directors, whose biographies are set out in the Biographical Details of Directors of the annual report. All the Directors are high caliber executives with diversified industry expertise and bring a wide range of skills and experience to the Group.

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

The composition of the Board and their respective attendance in the general meetings, Board meetings and other committee meetings during the year ended 31 December 2015 are as follows:

	No. of meetings attended/eligible to attend				
	General meetings *(Note 1)*	**Regular full board meetings**	**Audit Committee meetings**	**Remuneration Committee meetings**	**Nomination Committee meetings**
Number of meetings	3	4	2	2	2
Executive Directors					
Mr. Dong Ping *(Chairman)* (appointed as an executive Director on 2 September 2015 and redesignated as Chairman on 15 January 2016)	0/1	1/1	N/A	1/1	0/0
Mr. Xiang Shaokun, Steven *(Chief Executive Officer)* (appointed as an executive Director and Chief Executive Officer on 2 September 2015 and 18 September 2015 respectively)	1/1	1/1	N/A	N/A	N/A
Mr. Lei Hong Wai (resigned as the Chairman and an executive Director on 2 September 2015)	2/2	3/3	N/A	1/1	2/2
Mr. Ng Kai Man (resigned on 18 September 2015)	2/2	3/3	N/A	N/A	N/A
Cheung Kwok Fan (resigned on 2 September 2015)	2/2	3/3	N/A	N/A	N/A
Non-executive Directors					
Mr. Ning Hao (appointed on 2 September 2015)	0/1	1/1	N/A	N/A	N/A
Mr. Xu Zheng (appointed on 2 September 2015)	0/1	1/1	N/A	N/A	N/A
Mr. Gao Zhikai (appointed on 2 September 2015)	0/1	1/1	N/A	N/A	N/A
Mr. So Chak Kwong (appointed on 2 September 2015)	0/1	1/1	0/0	N/A	N/A
Independent non-executive Directors					
Mr. Su Tuong Sing, David (appointed on 2 September 2015)	0/1	1/1	0/0	1/1	0/0
Mr. Li Xiaolong (appointed on 2 September 2015)	0/1	1/1	N/A	1/1	0/0
Ms. Chio Chong Meng (resigned on 2 September 2015)	1/2	3/3	2/2	1/1	2/2
Mr. Wong Tak Chuen (appointed on 10 April 2014)	3/3	4/4	2/2	N/A	N/A
Mr. Man Kong Yui (resigned on 18 September 2015)	2/2	3/3	2/2	1/1	2/2

Note 1: Under the CG Code provision A.6.7, non-executive Directors and independent non-executive Directors should attend general meetings. During the year due to Directors' other commitments, not all of the non-executive Directors and independent non-executive Directors of the Company attended all general meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Prior to 2 September 2015, the Chairman of the Board was Mr. Lei Hong Wai. After the resignation of Mr. Lei Hong Wai as an executive Director and the Chairman of the Board on 2 September 2015, there is no specific designation of Chairman of the Board from 2 September 2015 until Mr. Dong Ping was redesignated as the Chairman of the Board on 15 January 2016.

On 18 September 2015, Mr. Xiang Shaokun, Steven, an executive Director (appointed as an executive Director on 2 September 2015), was appointed as the chief executive officer of the Group. Mr. Dong Ping focuses on the leadership role in the Board to ensure that the Board works effectively in discharging its responsibilities whilst Mr. Xiang Shaokun, Steven focuses on day-to-day corporate management matters of the Group. The Board considers that the segregation of responsibilities among the Board members meets the requirements under the CG Code for the year ended 31 December 2015. Since 15 January 2016, Mr. Dong Ping was redesignated as the Chairman of the Board and therefore Code A.2.1 of the CG Code has been complied with since then and the roles of the Chairman (by Mr. Dong Ping) and chief executive officer (by Mr. Xiang Shaokun, Steven) are therefore separate and exercised by different individuals.

TRAINING

The Company has from time to time provided Directors with materials relating to the business and operations of the Group, latest developments regarding the Listing Rules and their responsibilities under the Listing Rules, legal and other regulatory requirements.

During the year ended 31 December 2015, all existing Directors have received the following trainings:

Directors	Training on corporate governance, regulatory development and other relevant topics
Executive Directors	
Mr. Dong Ping *(Chairman)*	✔
Mr. Xiang Shaokun, Steven *(Chief Executive Officer)*	✔
Non-Executive Directors	
Mr. Ning Hao	✔
Mr. Xu Zheng	✔
Mr. Gao Zhikai	✔
Mr. So Chak Kwong	✔
Independent Non-Executive Directors	
Mr. Su Tuong Sing, David	✔
Mr. Li Xiaolong	✔
Mr. Wong Tak Chuen	✔

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for liabilities in respect of legal actions against Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group under Code A.1.8 of the CG Code.

CORPORATE GOVERNANCE FUNCTION

The Board has undertaken to perform corporate governance duties and adopted the terms of reference on corporate governance functions on 27 March 2012 for better management of the business and affairs of the Group.

The duties of the Board in respect of corporate governance functions shall be:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(v) to review the Company's compliance with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules on Stock Exchange and its disclosure requirements in the Corporate Governance Report.

BOARD COMMITTEES

The Board has established 3 Board committees, namely audit committee, remuneration committee and nomination committee to oversee particular aspect of the Group's affair. Each of the committees had defined terms of reference setting out its duty, power and functions. The committees report to the Board and, where appropriate, make recommendations on matters discussed.

AUDIT COMMITTEE

As at 31 December 2015, the audit committee comprises three independent non-executive Directors, namely, Mr. Wong Tak Chuen (committee chairman), Mr. So Chak Kwong and Mr. Su Tuong Sing, David. Please refer to the section "Board of Directors" above in this report for the change in the committee members of the audit committee during 2015. During 2015, the main role and functions of the audit committee are to review the financial information of the Company, to oversee the Company's financial reporting system and internal control procedure and maintain relations with the auditors of the Company.

Under the terms of reference of the audit committee, the audit committee shall, among others, to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

In 2015, the audit committee had held 2 meetings, one of the meeting was attended by Mr. Wong Tak Chuen, Ms. Chio Chong Meng and Mr. Man Kong Yui (Ms. Chio Chong Meng and Mr. Man Kong Yui were resigned as independent non-executive Directors on 2 September 2015 and 18 September 2015 respectively). During the meeting, annual results of the Group for the year ended 31 December 2014 was reviewed with the auditor of the Company. The audit committee also reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the management team of the Company. Another meeting was attended by Mr. Wong Tak Chuen, Ms. Chio Chong Meng and Mr. Man Kong Yui. During the meeting, interim results of the Group for the six months ended 30 June 2015 was discussed. The audit committee also reviewed the accounting principles and practices adopted by the Group and financial reporting matters with the management team of the Company.

Following the resignation of Ms. Chio Chong Meng on 2 September 2015, the number of members of the audit committee of the Company fell below the minimum number required under Rule 3.21 of the Listing Rules and the terms of reference of the audit committee. On 18 September 2015, Mr. Man Kong Yui resigned as an independent non-executive Director. On 18 September 2015, Mr. Su Tuong Sing, David and Mr. So Chak Kwong were appointed as members of the audit committee with Mr. Wong Tak Chuen remained as the chairman of the audit committee, the aforesaid requirement has been complied with.

REMUNERATION COMMITTEE

The remuneration committee of the Company was set up with key responsibilities of recommending to the Board (i) the policy and structure for remuneration of Directors and senior management; and (ii) the remuneration package of executive directors and senior management. The Board retains the final authority to approve the remuneration packages.

Under the terms of reference of the remuneration committee, the remuneration committee shall, among others, make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The remuneration committee also make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

At 31 December 2015, the remuneration committee composed of Mr. Su Tuong Sing, David (committee chairman and an independent non-executive Director), Mr. Dong Ping (an executive Director and the Chairman of the Board) and Mr. Li Xiaolong (an independent non-executive Director).

The committee members met twice in the year ended 31 December 2015. A meeting was attended by Ms. Chio Chong Meng, Mr. Lei Hong Wai and Mr. Man Kong Yui to discuss remuneration-related matters.

Another meeting during the year ended 31 December 2015 was attended by Mr. Su Tuong Sing, David, Mr. Dong Ping and Mr. Li Xiaolong for reviewing the remuneration packages of the Directors for the executive Directors, non-executive Directors and independent non-executive Directors and recommend such remuneration packages for the Board's approval..

Following the resignation of Mr. Lei Hong Wai and Ms. Chio Chong Meng on 2 September 2015, the number of members of the remuneration committee of the Company fell below the minimum number required under the terms of reference of the remuneration committee, the position of the chairman of the remuneration committee was also be vacant, appointment of which is required under Rule 3.25 of the Listing Rules. On 18 September 2015, Mr. Man Kong Yui resigned as an independent non-executive Director and a member of the remuneration committee and on 18 September 2015, Mr. Su Tuong Sing, David was appointed as the chairman of remuneration committee and Mr. Dong Ping and Mr. Li Xiaolong were appointed as members of remuneration committee, the aforesaid requirement has been complied with.

NOMINATION COMMITTEE

The nomination committee of the Company was set up with key responsibilities for considering and approving the appointment of members of the Board and will meet to discuss when nomination of new director(s) is received or when circumstances require. In considering the suitability of a candidate for directorship, the Board will take into account the candidate's qualification, experience, expertise and knowledge as well as the prevailing composition, structure and size of the Board and the requirements under the Listing Rules.

Under the terms of reference of the nomination committee, the nomination committee shall, among others, identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; the candidates for directorship will be selected taken into account a wide range of factors, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and service term. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

As at 31 December 2015, the nomination committee composed of Mr. Su Tuong Sing, David (committee chairman and an independent non-executive Driector), Mr. Dong Ping (an executive Driector and the Chairman of the Board) and Mr. Li Xiaolong (an independent non-executive Director). The committee member met twice in the year ended 31 December 2015. A meeting was attended by Mr. Lei Hong Wai, Ms. Chio Chong Meng and Mr. Man Kong Yui to discuss the re-election of Directors. Another meeting was attended by Mr. Lei Hong Wai, Ms. Chio Chong Meng and Mr. Man Kong Yui to review the structure and composition of the Board and to discuss the appointment of Mr. Dong Ping, Mr. Xiang Shaokun, Steven, Mr. Ning Hao, Mr. Xu Zheng, Mr. Gao Zhikai, Mr. So Chak Kwong, Mr. David Su Tuong Sing and Mr. Li Xiaolong as Directors.

Following the resignation of Mr. Lei Hong Wai as the Chairman of the Board and an executive Director and the resignation of Ms. Chio Chong Meng as an independent non-executive Director on 2 September 2015, they ceased to be the chairman and a member of the nomination committee respectively, the Company was unable to fulfill Code A.5.1 of the CG Code which requires the nomination committee to be chaired by the chairman of the board or an independent non-executive director. Further, the number of members of the nomination committee of the Company fell below the minimum number required under the terms of reference of the nomination committee. On 18 September 2015, Mr. Man Kong Yui resigned as an independent non-executive Director and ceased to be a member of nomination committee. Following the appointment of Mr. Su Tuong Sing, David as the chairman of nomination committee and Mr. Dong Ping and Mr. Li Xiaolong as members of nomination committee on 18 September 2015, the aforesaid requirements have been complied with.

INSIDE INFORMATION POLICY

Pursuant to the statutory regime for disclosure of inside information sets out in Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) with effect from 1 January 2013, the Board has adopted an inside information policy in 27 August 2013 which sets out the guidelines to the directors, officers and all relevant employees of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

COMPANY SECRETARY

On 30 September 2015, Ms. Chow Fuk Wai was appointed as the company secretary of the Company in place of Ms. Chu Man Ting.

Ms. Chow Fuk Wai has undertaken no less than 15 hours of relevant professional training for the year ended 31 December 2015.

INTERNAL CONTROLS

The Board, with the assistance of the management and an external firm, has conducted a review on the effectiveness of the internal control system and, in particular, key business cycles of real estate agency business segment in Hong Kong were reviewed for the year ended 31 December 2015. Based on the report on the findings which include recommendations for further improvement, the Directors were satisfied that the Group has operated an effective internal control system during the year under review.

The Board had adopted a whistle blowing policy including procedures for employees to report any irregularities on the affairs of the Company.

SHAREHOLDERS' RIGHTS

Shareholders' communication policy was adopted by the Board on 27 March 2012. Shareholders' communication policy and shareholder's rights are published on the designated website of the Company.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders may direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Enquiries other than shareholdings may be directed to the head office and principal place of business of the Company in Hong Kong as set out in the Corporation Information of this annual report for the attention of the Company Secretary.

RIGHT TO CONVENE SPECIAL GENERAL MEETING

Pursuant to Section 74(1) of the Bermuda Companies Act and the bye-law 62 of the Bye-Laws of the Company, the shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may request the Board to convene a special general meeting.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda for the attention of the Company Secretary and may consist of several documents in like form each signed by one or more requisitionists.

If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

On the requisition in writing of either (i) any number of shareholder of the Company representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (ii) not less than 100 shareholders, the Company shall, at the expense of the requisitionists:

(a) to give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) to circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be signed by the requisitionists and deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda for the attention of the Company Secretary.

AUDITOR'S REMUNERATION

During the year ended 31 December 2015, remuneration in respect of audit and non-audit services provided by the auditor of the Company to the Group are approximately HK$1,280,000 (2014: HK$1,370,000) and HK$380,000 (2014: HK$394,000) respectively.

INVESTOR RELATIONS

The Company maintains websites at http://www.huanximedia.com and http://www.irasia.com/listco/hk/huanximedia where information and updates on the list of directors and their roles and functions, terms of reference of the Board committees, procedures for nomination of directors for election, announcements, circulars and reports released to the Stock Exchange and other information are posted.

There was no significant change in the Company's constitutional documents during the year ended 31 December 2015.

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in media and entertainment and related businesses, advertising agency business, provision of property agency and related services and securities trading and investments.

Details of the activities of the principal subsidiaries are set out in note 38 to the consolidated financial statements. An analysis of revenue and results by principal activities of the Group are set out in note 8 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report on page 53. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015.

CHANGE OF COMPANY NAME AND STOCK SHORT NAMES

With effect from 22 September 2015, English name of the Company has been changed from "21 Holdings Limited" to "Huanxi Media Group Limited". In addition, the Company's Chinese name "歡喜傳媒集團有限公司" (for identification purposes only) was also adopted.

Trading of the Shares of the Company on the Stock Exchange under the stock short name "21 HOLDINGS" in English and "21控股" in Chinese has been changed to "HUANXI MEDIA" in English and "歡喜傳媒" in Chinese with effect on 22 October 2015. The stock code of the Company remains unchanged as "1003".

BUSINESS REVIEW

A review of the business performance of the Group during 2015 using financial key performance indicators and discussion on the important events affecting the Group since the end of 2015 and the Group's future business development that the Group may be facing are provided in the Chairman's Statement and Management Discussion and Analysis of this annual report, the discussions thereof form part of this Directors' Report.

Discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have significant impact on the Group are set out below in the Directors' Report of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties facing the Group as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and are in addition to the matters referred to in the Chairman's Statement and Management Discussion and Analysis of this annual report.

1. Operational risk

Inspect of the risk factor relating to the Group's media and entertainment businesses, as set out in the Company's circular dated 5 August 2015, given that the Company will invest in a limited number of films, the success or failure of these films could have a significant impact on the Company's results of operations in both the year of release and in the future. Besides, the film industry is fragmented and highly competitive, the number of films invested by competitors may create an oversupply of films in the market. Further, unauthorised copying and piracy are prevalent in the PRC and other countries in Asia, whose legal systems may make it difficult for the Company to enforce its intellectual property rights.

In 2015, the Group signed several agreements to invest in films, including two exclusive service agreements with renowned directors, Mr. Ning Hao and Mr. Xu Zheng, who have become the Company's shareholders and non-executive directors. Under the terms of the service agreements, they are required to produce one to two films every three years by 31 December 2020, which can considerably enhance the Group's capabilities in film content creation and development. Mr. Dong Ping, Mr. Ning Hao and Mr. Xu Zheng have extensive experience, strong expertise and a wide business network in the media and entertainment industry. Mr. Dong, the Company's substantial shareholder and the Chairman of the Board, has extensive experience, knowledge and connection in investment and operation of Chinese media, advertisement, satellite TV, film productions and media fields, whilst Mr. Ning and Mr. Xu are prestigious and successful directors and actors in the PRC movie industry. Please refer to (i) Biographical Details of Directors in this annual report for the biographical details of Mr. Dong, Mr. Ning and Mr. Xu; and (ii) the section "Company's Contracts of Significance/Connected Transaction/Continuing Connected Transaction" for details on the service agreements entered between the Group and each of Mr. Ning and Mr. Xu respectively.

Given the above, the Directors are of the view that the participation of Mr. Dong, together with Mr. Ning and Mr. Xu in the Company and through the services Mr. Ning and Mr. Xu would provide under the above service agreements would be instrumental in the Company's development in the media and entertainment industry and could migrate the risk.

2. Financial risks

Details of the Group's financial risks relating to the operations of the Group include market risk (including foreign currency risk, interest rate risk and equity and other price risk), credit risk and liquidity risk are set out in note 6(b) to the consolidated financial statements.

SHARES ISSUED IN THE YEAR

Details of the ordinary shares issued by the Company in 2015 and details of movement in the share capital of the Company in 2015 are set out in note 28 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 55 and note 29(a) to the consolidated financial statements of this annual report respectively.

DISTRIBUTABLE RESERVE

Details of the distributable reserve of the Company as at 31 December 2015 are set out in note 29 to the consolidated financial statements.

As at 31 December 2015, the Company did not have distributable profit to shareholders (2014: approximately HK$90,525,000).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Directors' Report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

BOARD OF DIRECTORS

The Directors during 2015 and up to the date of the annual report were:

Executive Directors
Mr. Dong Ping *(Chairman)*
(appointed as an executive Director on 2 September 2015 and redesignated as Chairman on 15 January 2016)
Mr. Xiang Shaokun, Steven *(Chief Executive Officer)*
(appointed as an executive Director and Chief Executive Officer on 2 September 2015 and 18 September 2015 respectively)
Mr. Lei Hong Wai (resigned as the Chairman and an executive Director on 2 September 2015)
Mr. Ng Kai Man (resigned on 18 September 2015)
Mr. Cheung Kwok Fan (resigned on 2 September 2015)

Non-executive Directors
Mr. Ning Hao (appointed on 2 September 2015)
Mr. Xu Zheng (appointed on 2 September 2015)
Mr. Gao Zhikai (appointed on 2 September 2015)
Mr. So Chak Kwong (appointed on 2 September 2015)

Independent non-executive Directors
Mr. Su Tuong Sing, David (appointed on 2 September 2015)
Mr. Li Xiaolong (appointed on 2 September 2015)
Ms. Chio Chong Meng (resigned on 2 September 2015)
Mr. Wong Tak Chuen (appointed on 10 April 2014)
Mr. Man Kong Yui (resigned on 18 September 2015)

RESIGNATION OF DIRECTORS

Please refer to the section "Board of Directors" as set out in the Corporate Governance Report for the changes in the directorships for the year ended 31 December 2015. As set out in the circular of the Company dated 5 August 2015, upon completion (the "Completion") of a subscription agreement dated 14 April 2015 (as amended by an amendment agreement dated 13 May 2015) (the "Subscription Agreement"), nine subscribers under the Subscription Agreement shall be entitled to nominate any person to the Board for approval to be appointed as Director pursuant to the terms of the Subscription Agreement. Completion of the Subscription Agreement took place on 2 September 2015, and on 2 September 2015 (i) Mr. Lei Hong Wai resigned as the Chairman of the Board, an executive Director and ceased to be the chairman of nomination committee and a member of remuneration committee of the Company; (ii) Mr. Cheung Kwok Fan resigned as an executive Director; (iii) Ms. Chio Chong Meng resigned as an independent non-executive Director and ceased to be the chairman of remuneration committee and member of audit committee and nomination committee of the Company. On 18 September 2015, (i) Mr. Ng Kai Man resigned as an executive Director; and (ii) Mr. Man Kong Yui resigned as an independent non-executive Director and ceased to be member of audit committee, remuneration committee and nomination committee of the Company. Each of the above resigning directors has confirmed that he/she has no disagreement with the Board and that he/she is not aware of any matter in relation to his/her resignation that needs to be brought to the attention of the shareholders of the Company.

RE-ELECTION OF DIRECTORS

At the special general meeting of the Company held on 16 December 2015, Mr. Dong Ping, Mr. Xiang Shaokun, Steven, Mr. Ning Hao, Mr. Xu Zheng, Mr. Gao Zhikai, Mr. So Chak Kwong, Mr. Su Tuong Sing, David and Mr. Li Xiaolong (all appointed by the Board with effect from 2 September 2015) were re-elected at the special general meeting.

In accordance with Bye-law 99, Mr. Xiang Shaokun, Steven, Mr. Gao Zhikai and Mr. Wong Tak Chuen shall retire by rotation at the forthcoming annual general meeting. Both of them, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical particulars of the existing Directors are set out in the Biographical Details of Directors of this annual report. Directors' other particulars are contained in this report and elsewhere in this annual report.

DIRECTORS' SERVICE CONTRACTS

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The existing Directors including the executive Directors, the non-executive Directors and independent non-executive Directors are for a term of 2 years (except Mr. Xiang Shaokun, Steven, an executive Director and the Chief Executive Officer of the Group, there is no specific term or proposed length of services for Mr. Xiang's appointment). All of the existing Directors shall be subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company and the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to 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 under the Listing Rules, or known to the Company, were as follows:

Long Positions in the Ordinary Shares of HK$0.01 Each of the Company (the "Shares")

Name of Director	Number of Shares	Approximate percentage of the issued Shares
Mr. Dong Ping	1,431,304,354 ***(Note 1)***	62.0%
Mr. Ning Hao	1,431,304,354 ***(Note 2)***	62.0%
Mr. Xu Zheng	1,431,304,354 ***(Note 3)***	62.0%
Mr. Gao Zhikai	46,171,108 ***(Note 4)***	2.0%
Mr. So Chak Kwong	46,171,108 ***(Note 5)***	2.0%

Notes:

1. These Shares include Shares held by Newwood Investments Limited ("Newwood") as to 461,711,082 Shares and Numerous Joy Limited ("Numerous Joy") as to 92,342,216 Shares, both of which are companies incorporated in the British Virgin Islands with limited liability and ultimately wholly owned by Mr. Dong Ping. On 14 April 2015, Mr. Dong Ping, Newwood, Pacific Wits Limited ("Pacific Wits"), Mr. Ning Hao, Tairong Holidings Limited ("Tairong") and Mr. Xu Zheng entered into a shareholders agreement (the ''Shareholders Agreement''), which sets forth certain rights and obligations of each of the parties in respect of the governance of the Company following completion of the subscription for new shares in the Company pursuant to a subscription agreement dated 14 April 2015, details of which are set out in the Company's circular dated 5 August 2015. As Mr. Dong Ping and Newwood are parties to the Shareholders Agreement, Mr. Dong Ping is therefore deemed to be interested in all the Shares in which Newwood, Pacific Wits and Tairong are interested by virtue of section 317 of the SFO and Newwood is therefore deemed to be interested in all the Shares in which Mr. Dong Ping, Pacific Wits and Tairong are interested by virtue of section 317 of the SFO.

2. These Shares include 438,625,528 Shares held by Pacific Wits, which is a company incorporated in the British Virgin Islands with limited liability and ultimately wholly owned by Mr. Ning Hao. Mr. Ning Hao and Pacific Wits are parties to the Shareholders Agreement, and are therefore deemed to be interested in all the Shares in which Mr. Dong Ping, Newwood and Tairong are interested by virtue of section 317 of the SFO.

3. These Shares include 438,625,528 Shares held by Tairong, which is a company incorporated in the British Virgin Islands with limited liability and ultimately wholly owned by Mr. Xu Zheng. Mr. Xu Zheng and Tairong are parties to the Shareholders Agreement, and are therefore deemed to be interested in all the Shares in which Mr. Dong Ping, Newwood and Pacific Wits are interested by virtue of section 317 of the SFO.

4. These Shares are held by Dayunmony Investment Corporation, which is a company incorporated in the British Virgin Islands with limited liability and ultimately wholly owned by Mr. Gao Zhikai.

5. These Shares are held by Concept Best Limited, which is a company incorporated in the British Virgin Islands with limited liability and ultimately wholly owned by Mr. So Chak Kwong.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company or any of their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 35 to the financial statements headed "Related Party Disclosures" and the section headed "Company's Contracts of Significance/Connected Transaction/Continuing Connected Transaction" of the Directors' Report and elsewhere in this annual report, no Director had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during 2015.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note 35 to the financial statements headed "Related Party Disclosures" and the section headed "Company's Contracts of Significance/Connected Transaction/Continuing Connected Transaction" of the Directors' Report and elsewhere in this annual report, at no time during 2015 had the Company or any of its subsidiaries, and the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries entered into any contracts of significance or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the Directors' Report and elsewhere in this annual report, in particular the section "Company's Contract of Significance/Connected Transaction/Continuing Connected Transaction" and "Directors' Interest in Securities" of this Directors' Report, at no time during 2015 was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate.

COMPANY'S CONTRACTS OF SIGNIFICANCE/CONNECTED TRANSACTION/ CONTINUING CONNECTED TRANSACTION

A. The Subscription Agreement – issue of new shares of the Company

On 14 April 2015 (after trading hours), the Company and nine subscribers (the "Subscribers") entered into a subscription agreement (as amended by an amendment agreement dated 13 May 2015) (the "Subscription Agreement") pursuant to which, the Company conditionally agreed to allot and issue, and the Subscribers conditionally agreed to subscribe for, a total of 1,701,416,556 new ordinary shares of the Company (with the par value of HK$0.01 each) (the "Subscription Shares") at an issue price of HK$0.4 per Subscription Share (the "Subscription"). REORIENT Financial Markets Limited ("RFML") acted as financial adviser to the Company in respect of the transactions contemplated thereunder the Subscription Agreement and the Company agreed to allot and issue 30,000,000 new ordinary shares of the Company (with par value of HK$0.01 each) at an issue price of HK$0.4 (the "Fee Shares") each credited as fully paid to settle RFML's advisory fees in respect of the financial advisory services which it receives from RFML with regards to the Subscription.

The Subscribers

The following sets out information on the Subscription:

Subscribers	Number of Subscription Shares	% of the Subscription Shares on the issued share capital of the Company as enlarged by the Subscription Shares and the Fee Shares and as at the date of the annual report	Consideration
			HK$ million
Newwood Investments Limited (note 1)	461,711,082	20.00%	184.68
Numerous Joy Limited (note 2)	92,342,216	4.00%	36.94
Pacific Wits Limited (note 3)	438,625,528	19.00%	175.45
Tairong Holdings Limited (note 4)	438,625,528	19.00%	175.45
Wise Dragon International Limited (note 5)	69,256,662	3.00%	27.70
Gold Shine Investment Company Limited (note 6)	69,256,662	3.00%	27.70
Dayunmony Investment Corporation (note 7)	46,171,108	2.00%	18.47
Concept Best Limited (note 8)	46,171,108	2.00%	18.47
REORIENT Global Limited (note 9)	39,256,662	1.70%	15.70
	1,701,416,556	73.70%	680.56

Notes 1 and 2: Each of Newwood Investments Limited and Numerous Joy Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Mr. Dong Ping, an executive Director and chairman.

Note 3: Pacific Wits Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and ultimately wholly owned by Mr. Ning Hao, a non-executive Director.

Note 4: Tairong Holdings Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and ultimately wholly owned by Mr. Xu, Zheng, a non-executive Director.

Note 5: Wise Dragon International Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Mr. Yeung Ning. Mr. Yeung Ning is a private investor.

Note 6: Gold Shine Investment Company Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Mr. Tse Yiu Lam. Mr. Tse Yiu Lam is a private investor.

Note 7: Dayunmony Investment Corporation is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Mr. Gao Zhikai, a non-executive Director.

Note 8: Concept Best Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Mr. So Chak Kwong, a non-executive Director.

Note 9: REORIENT Global Limited ("RGL"), a company incorporated in Hong Kong with limited liability, is principally engaged in provision of administrative services and is a fellow subsidiary of REORIENT Financial Markets Limited ("RFML"), the financial adviser to the Company in relation to the Subscription. Both RGL and RFML are wholly owned by REORIENT Group Limited.

As set out in the circular of the Company dated 5 August 2015, the then Directors considered that the Subscription not only raises additional financial resources to the Company, but also provides an opportunity to better tie the interests of the Subscribers with the long-term development and success of the Group and to leverage on the extensive experience, expertise and business connection of the Subscribers, particularly Mr. Dong Ping, Mr. Ning Hao and Mr. Xu Zheng to develop existing and new business in the advertising, media and entertainment industry, which diversify and broaden the Group's income source and help reduce fluctuations in the financial results of the Group resulting from the cyclical nature of the property market in Hong Kong.

The Subscription and the issue of Fee Shares were approved by the independent shareholders of the Company at the special general meeting of the Company held on 28 August 2015. Completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement took place on 2 September 2015. 1,701,416,556 Subscription Shares and 30,000,000 Fee Shares were duly allotted and issued as fully paid to the Subscribers and RFML respectively. Accordingly, immediately after completion of the Subscription, there were 2,308,555,408 Shares in issue.

For the other details on the Subscription, please refer to the Management Discussion and Analysis under the section "Capital Structure" and the circular of the Company dated 5 August 2015 for details.

B. The Service Agreements – continuing connected transactions

On 14 April 2015 (after trading hours), the Company entered into the service agreements (the "Service Agreements") with each of Mr. Ning Hao and Mr. Xu Zheng (the "Director Shareholders" and each a non-executive Director and a substantial shareholder of the Company). Pursuant to the Service Agreements:

(a) the Company shall have exclusive investment and production rights to any films and programmes developed and directed by Mr. Ning Hao and Mr. Xu Zheng (the "Director Shareholders' Productions"), i.e. the Company shall be the sole investor to such productions;

(b) the Company shall have priority distribution rights (including cinema screenings, audio-visual products, television broadcasting and network dissemination etc.) to the Director Shareholders' Productions in the PRC, Hong Kong, Taiwan and Macau Special Administrative Region of the PRC;

(c) each of the Director Shareholders shall direct one to two films (being films that shall be publicly released) every three years in respect of which the Company shall have the exclusive investment and production rights, and the priority distribution rights set out in paragraphs (a) and (b) above. For the avoidance of doubt, the Company shall not have such rights in any Director Shareholders' Productions in which the Company decides not to invest;

(d) the Director Shareholders shall use their best endeavours to provide the Company with the priority investment, production and distribution rights for films and programmes (including films, television drama series, online drama series and other television programmes) which are not developed and directed by any of the Director Shareholders and the Director Shareholders are either producer, screenwriter, lead actor or other creative member (the "Non-Director Shareholders' Productions"); and

(e) the Director Shareholders shall actively participate in the promotional activities of other films and programmes invested or produced by the Company according to the requirements of the Company.

Director Shareholders' Proposal

During a term of six years from the date of completion of the Subscription Agreement (i.e. 2 September 2015) (the "Service Period"), each Director Shareholder shall, with respect to each proposed Director Shareholders' Production, submit to the Company a written proposal, which contents shall include such production's (i) plot or storyline, (ii) total budget and the basis for determining the same, (iii) production and distribution budget, (iv) production plan and timeline, and (v) the proposed screenwriter, producer and casting for such production.

The Board or a designated board committee shall, within 30 business days of receiving the foregoing written proposal, consider and discuss such proposal with respect to its investment, production and distribution, and shall also make a determination as to whether the Company will invest in such proposed Director Shareholders' Production.

Service fees

No service fee shall be payable by the Company to the Director Shareholders in consideration of entering into the Service Agreements or the transactions contemplated thereunder, subject to the Director Shareholders' rights to the following benefits and rewards:

(a) each of the Director Shareholders shall be entitled to receive film director fees or creative member fees in respect of the Director Shareholders' Productions and the Non-Director Shareholders' Productions that the Company invests in with reference to the prevailing market rates for similar productions, subject to a maximum amount of HK$30 million per annum; and

(b) the Director Shareholders shall be entitled to receive dividends in respect of any Shares held by them, if any, to be declared by the Company.

Proposed annual caps

Annual caps for the film director fees or creative member fees payable to the Director Shareholders under the Service Agreements of HK$30 million for each Director Shareholder for each of the years ending 31 December 2015, 2016, 2017, 2018, 2019 and 2020. The annual caps were determinated with reference to the prevailing market rates payable to independent third party film directors who are of similar calibre, status, standing and reputation and who have similar track records of successful and profitable movies and other media productions.

As set out in the circular of the Company dated 5 August 2015, Mr. Ning Hao and Mr. Xu Zheng are prestigious and successful directors and actors in the PRC movie industry. The Directors are of the view that the participation of Mr. Ning and Mr. Xu in the Company and through the services they would provide under the Service Agreements would be instrumental in the Company's development in the advertising, media and entertainment industry.

After completion of the Subscription, each of Pacific Wits Limited (a company incorporated in the British Virgins Islands with limited liabilities and wholly owned by Mr. Ning Hao) and Tairong Holdings Limited (a company incorporated in the British Virgins Islands with limited liabilities and wholly owned by Mr. Xu Zheng) had become a substantial shareholder of the Company. Besides, each of Mr. Ning and Mr. Xu are non-executive Director and thus a connected person of the Company. According, the Service Agreements and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Service Agreements and the transactions contemplated thereunder are non-exempt continuing connected transactions and are subject to the requirements under Chapter 14A of the Listing Rules. The Service Agreements and annual caps for each of the six financial years ending 31 December 2020 in relation to the transactions contemplated under the Service Agreements were approved by the independent shareholders of the Company at the special general meeting of the Company held on 28 August 2015.

For the year ended 31 December 2015, no transaction was entered into and no fee was payable by the Group under the Service Agreements.

As set out in the circular of the Company dated 5 August 2015, the independent board committee was of the view that, among other things, the Service Agreements (including the proposed annual caps) are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Please refer to the circular of the Company dated 5 August 2015 and the section "Directors' Interests in Competing Business" in this Directors' Report for further details on the Services Agreement.

C. The Acquisition Agreement – connected transaction

On 21 September 2015 (after trading hours), Sinofocus Media (Holdings) Limited (the "Purchaser", a wholly owned subsidiary of the Company) and Beijing Joy Leader Culture Communication Co. Ltd* (北京真樂道文化傳播有限公司) (the "Vendor") entered into the sale and purchase agreement (the "Acquisition Agreement"), pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Vendor's Income Right (as defined below) for a period of 6 years commencing from the date of first release of the Target Film (as defined below) in the PRC, free from all encumbrances at a consideration of RMB150,000,000 (the "Acquisition").

Vendor's Income Right refer to amounts representing 47.5% of (i) the net income of《港囧》(Lost in Hong Kong) (the "Target Film") from cinemas in the PRC (being the gross box office receipts of the Target Film from distribution and screening in cinemas etc and after deduction of the monies payable to National Film Industry Development Special Fund (國家電影事業發展專項資金), value added tax and surcharges, and the amounts of the gross box office receipts shared by cinemas and cinema circuits); and (ii) the net income of the Target Film from cinemas outside the PRC, both after deduction of the production costs (including promotional expenses) of the Target Film and the distribution costs.

* *for identification purposes only*

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements. The Vendor is ultimately wholly owned by Mr. Xu Zheng, a non-executive Director and a substantial shareholders of the Company, and thus is a connected person of the Company. As such, the Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. The Acquisition involves an investment in the Target Film which is in line with the Group's development in the advertising, media and entertainment industries. The Directors believe that the Acquisition would be beneficial to the Group as the Acquisition represents a first step forward in the implementation of the Group's development plan as set out in the circular of the Company dated 5 August 2015 and that the Directors consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interest of the Company and the shareholders of the Company as a whole. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 21 September 2015 and circular of the Company dated 30 November 2015 for the details of the Acquisition.

The Acquisition Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 16 December 2015. Mr. Xu Zheng and his associates abstained from voting at the above special general meeting on the resolution approving the Acquisition Agreement and the transactions contemplated thereunder. Completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement took place on 22 December 2015.

D. Movie Investment Agreements – connected transaction

Guangdong Sinofocus Media Limited*(廣東中觀傳媒有限公司) ("Guangdong Sinofocus"), a wholly owned subsidiary of the Company, entered into two agreements (the "Movie Investment Agreements") with 東陽映月影視文化傳播有限公司 (INJO Films Co. Ltd*, "INJO Films") on 24 December 2015, pursuant to which Guangdong Sinofocus has agreed to invest RMB11.8 million in the production of《年獸大作戰》(the "Target Film") (the "Transaction").

Guangdong Sinofocus (i) agreed to invest RMB11.8 million, being 20% of the estimated total production costs, distribution costs, advertising and promotion expenses and other costs in relation to the Target Film totaling approximately RMB59 million; (ii) shall have a right to the income which represents 20% of the profit of the Target Film (being Net Income (as defined below) of the Target Film after deduction of the major production team bonus (as explained below)).

* *for identification purposes only*

The Net Income (as defined below) of the Target Film is calculated as follows: Gross box office receipts of the Target Film in and outside the PRC from distribution and screening in cinemas, TVs, video/audio products, internet or other new media etc. and the income received from the business development in relation to the Target Film less distribution costs, advertising and promotion expenses, production costs and costs relating to the business development of the Target Film (the "Net Income"). Guangdong Sinofocus shall be entitled to recover its investment amount, including RMB11.8 million and any further investment (if any) contributed by Guangdong Sinofocus in accordance with the Movie Investment Agreements, from the distribution costs, advertising and promotion expenses, production costs and costs relating to the business development of the Target Film deducted. The major production team (including the producers, director(s), executive producer(s) etc.) shall be entitled to a bonus, being 30% of the Net Income for the box office in relation to the screening of the Target Film in the PRC.

As set out in the announcement of the Company dated 24 December 2015, the movie investment is in line with the Group's development in the advertising, media and entertainment industry. The Directors consider that the movie investment would be beneficial to the Group as it represents a first step forward in the implementation of the Group's development plan as set out in the circular of the Company dated 5 August 2015.

INJO Films is ultimately wholly-owned by Mr. Ning Hao and his family, a non-executive director of the Company and a substantial shareholder of the Company. Accordingly, INJO Films is a connected person of the Company under the Listing Rules and thus, the Transaction also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement requirements but exempted from independent shareholders' approval requirement under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 24 December 2015 for details of the Transaction. Completion of the Transaction in accordance with the terms and conditions of the Transaction took place on 11 January 2016.

E. Framework Agreement

Subsequent to the year ended 31 December 2015, on 13 January 2016, Graceful View Holdings Limited, an indirect wholly owned subsidiary of the Company ("Graceful") entered into a framework agreement with MUBI, Inc. ("MUBI") in relation to a strategic cooperation to be implemented through a series of transactions, including Graceful's (and/or its designated affiliate(s)'s) proposed strategic investment in, and joint venture with, MUBI.

As at the date of this annual report, the parties have not signed definitive agreement regarding the cooperation and the proposed transaction had not been completed. The Company will make an announcement on any further update as and when appropriate. Please refer to the announcement of the Company dated 13 January 2016, Management Discussion and Analysis and note 37 to the consolidated financial statements of this annual report for details.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Interests of the Directors in competing businesses to the Group as at 31 December 2015 required to be disclosed pursuant to Rule 8.10 of the Listing Rules were set out as below:

Directors	Companies which Directors held interests	Nature of business	Nature of interest (including close associate's interest, if any)
Mr. Ning Hao	INJO Films Co. Ltd. (東陽映月影視文化傳播有限公司)	Movie production	Ultimate shareholders
	北京壞猴子文化產業發展有限公司	Movie production	Ultimate shareholder
	東陽壞猴子影視文化傳播有限公司	Movie production	Ultimate shareholder
Mr. Xu Zheng	Beijing Joy Leader Culture Communication Co. Ltd (北京真樂道文化傳播有限公司)	Movie production	Ultimate shareholder

The Group is principally engaged in the media and entertainment and related businesses, advertising agency business, the provision of property agency and related services and securities trading and investments. The media and entertainment and related businesses include, among others, development and/or investment in films and television drama series.

Mr. Ning Hao, together with his family, is the ultimate shareholder of INJO Films Co. Ltd. Mr. Ning Hao is also the ultimate shareholder of 北京壞猴子文化產業發展有限公司 and 東陽壞猴子影視文化傳播有限公司. All of the above three companies (together "Mr. Ning's Companies") are principally engaged in the production of films in the PRC. INJO Films Co. Ltd. and the Group entered into a movie investment agreement on 24 December 2015, as detailed in the section "Company's Contracts of Significance/Connected Transaction/ Continuing Connected Transaction" in the Directors' Report of this annual report. As at 31 December 2015, none of Mr. Ning Hao or his close associates was interested in any business in respect of film production, apart from his and/or his family's interests in Mr. Ning's Companies.

Mr. Xu Zheng is the ultimate shareholder of Beijing Joy Leader Culture Communication Co. Ltd ("BJ Joy Leader"). BJ Joy Leader is principally engaged in the production of films in the PRC and is the production company of, among others, the film "Lost in Hong Kong". On 21 September 2015, BJ Joy Leader entered into an agreement with the Group to transfer the income right of "Lost in Hong Kong" to the Group, as detailed in the section "Company's Contract of Significance/Connected Transaction/Continuing Connected Transaction"in the Directors' Report of this annual report. As at 31 December 2015, none of Mr. Xu Zheng or his close associates was interested in any business in respect of film production, apart from his interests in BJ Joy Leader.

The Directors consider that the Group is capable of carrying on its businesses independently of, and at arm's length from, the movie business of (i) Mr. Ning's Companies and (ii) BJ Joy Leader ((i) and (ii) together, the "Other Companies") as (i) there is a clear separation between the Group's businesses and those of the Other Companies; (ii) the Group is not operationally or financially dependent on any of the Other Companies, or vice versa; and (iii) the Board operates independently from the boards of the Other Companies. The Board consists of nine members, comprising of two executive Directors, four non-executive Directors and three independent non-executive Directors. All of the Directors are aware of their fiduciary duties as a Director of the Company which require, among other things, that they act for the benefit and in the best interests of the Company and do not allow any conflict between their duties as a Director and their personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of the Company in respect of such transactions and shall not be counted in the quorum.

From time to time, the Group may consider possible co-investment opportunities with Mr. Ning's Companies and/or BJ Joy Leader in film or other projects. Any such investments and the definitive terms thereof would be subject to further negotiations at arm's length between the relevant parties. If any co-investment arrangement between the Group and Mr. Ning's Companies or BJ Joy Leader were to materialise, it could constitute a connected transaction of the Company under the Listing Rules. Further announcement(s) in relation to any such investments will be made as and when appropriate in compliance with the Listing Rules.

The Company has entered into the Service Agreements with each of Mr. Ning Hao and Mr. Xu Zheng. Pursuant to the Service Agreements, (a) the Company shall have exclusive investment and production rights to any films and programmes developed and directed by Mr. Ning Hao or Mr. Xu Zheng (i.e. the "Director Shareholders' Productions"), i.e. the Company shall be the sole investor to such productions; (b) the Company shall have priority distribution rights to the Director Shareholders' Productions in the PRC, Hong Kong, Taiwan and Macau Special Administrative Region of the PRC; (c) each of Mr. Ning Hao and Mr. Xu Zheng shall direct one to two films (being films that shall be publicly released) every three years in respect of which the Company shall have the exclusive investment and production rights, and the priority distribution rights set out in paragraphs (a) and (b) above; (d) Mr. Ning Hao and Mr. Xu Zheng shall use their best endeavours to provide the Company with the priority investment, production and distribution rights for the films and programmes not developed or directed by them and Mr. Ning Hao and Mr. Xu Zheng are either producer, screenwriter, lead actor or other creative member (i.e. the "Non-Director Shareholders' Productions"); and (e) Mr. Ning Hao and Mr. Xu Zheng shall actively participate in the promotional activities of other films and programmes invested or produced by the Company according to the requirements of the Company. The Service Agreements and the relevant annual caps have been approved by the independent shareholders of the Company at the special general meeting of the Company held on 28 August 2015.

To avoid any potential direct or indirect competition with the Group, during the terms of the Service Agreements, save for the activities and transactions contemplated under the Service Agreements, unless with the written consent of the Company, Mr. Ning Hao and Mr. Xu Zheng shall not, directly or indirectly entrust or authorise any third party to undertake any of the following activities:

(a) directly or indirectly (regardless of whether acting in the capacity of a shareholder, director, employee, partner, consultant or agent) undertake or participate or benefit from any business which is the same as, similar or competes with the business of the Company, including providing any services that are the same as or similar to the services to be provided under the Service Agreements;

(b) seize any business opportunity of the Company or solicit any clients or potential clients of the Company, or interfere or damage any relationship or contracts between the Company and any clients or potential clients of the Company; or

(c) assist or support any third person to undertake the activities set forth in paragraphs (a) and (b) above.

Notwithstanding the above non-compete obligations of Mr. Ning Hao and Mr. Xu Zheng, Mr. Ning Hao and Mr. Xu Zheng shall, through companies controlled by them, have the right to:

(a) contract to produce the Director Shareholders' Productions which the Company invests in;

(b) operate the Non-Director Shareholders' Productions;

(c) operate the Director Shareholders' Productions that the Company does not invest in;

(d) operate projects that have already commenced operations by the companies controlled by Mr. Ning Hao and Mr. Xu Zheng as at the date of the Service Agreements,

in each case, subject to compliance with any applicable connected transaction requirements under Chapter 14A of the Listing Rules.

The Board will consider allowing Mr. Ning Hao and Mr. Xu Zheng to engage in the activities mentioned in this section if, (a) Mr. Ning Hao and Mr. Xu Zheng have completed their obligations under their respective Service Agreements, and/or (b) in the view of the Board, the productions which Mr. Ning Hao and Mr. Xu Zheng wish to undertake would not be profitable or would otherwise not be suitable for the Company to undertake in light of the strategic direction of the Company, taking into account the factors such as (i) the projected cost of the relevant production; (ii) the lead actors or actresses who will participate in the relevant production; (iii) the projected length of film shooting of the relevant production; (iv) the estimated box office and popularity of the relevant production; (v) the genre of the film; (vi) the plot of the film; (vii) whether undertaking such a production could lead to other investment opportunities for the Company, such as exposure to and contact with other reputable and renowned players in the industry (including actors, actresses, screenwriters, directors, costume designers, film editors, makeup artists, visual effect and sound editors and other relevant personnel of the production team); and (viii) any other fair and reasonable considerations which the Board may take into account at the time of consideration of the relevant production.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2015, save as disclosed under the section "Directors' Interests in Securities" in this Director's Report of the annual report, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO.

Name of shareholders of the Company	Capacity	Number of Shares	Approximate percentage of shareholding
Newwood Investments Limited ("Newwood")	Beneficial owner and interests of a party to an agreement required to be disclosed under section 317 of the SFO	1,431,304,354 *(Notes 1 to 2)*	62.00%
Numerous Joy Limited ("Numerous Joy")	Beneficial owner	92,342,216 *(Notes 1 & 3)*	4.00%
Dong Ping ("Mr. Dong")	Interests of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,431,304,354 *(Notes 1 to 3)*	62.00%
Pacific Wits Limited ("Pacific Wits")	Beneficial owner and interests of a party to an agreement required to be disclosed under section 317 of the SFO	1,431,304,354 *(Notes 1, 2 & 4)*	62.00%
Ning Hao ("Mr. Ning")	Interests of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,431,304,354 *(Notes 1, 2 & 4)*	62.00%
Tairong Holdings Limited ("Tairong")	Beneficial owner and interests of a party to an agreement required to be disclosed under section 317 of the SFO	1,431,304,354 *(Notes 1, 2 & 5)*	62.00%
Xu Zheng ("Mr. Xu")	Interests of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,431,304,354 *(Notes 1, 2 & 5)*	62.00%

Notes:

1. On 14 April 2015, the Company and nine subscribers, namely Newwood, Numerous Joy, Pacific Wits, Tairong, Wise Dragon International Limited, Gold Shine Investment Company Limited, Dayunmony Investment Corporation, Concept Best Limited and Reorient Global Limited (the "Subscribers") entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, a total of 1,701,416,556 new Shares (the "Subscription Shares") at an issue price of HK$0.4 per Share (the "Subscription"). Details in relation to the Subscription are set out in the Company's circular dated 5 August 2015. The Subscription had been approved by the independent shareholders of the Company at the Company's special general meeting held on 28 August 2015 and the Subscription Shares were alloted to the Subscribers on 2 September 2015.

2. On 14 April 2015, Mr. Dong, Newwood, Pacific Wits, Mr. Ning, Tairong and Mr. Xu entered into a shareholders agreement (the "Shareholders Agreement"), which sets forth certain rights and obligations of each of the parties in respect of the governance of the Company following completion of the Subscription. Newwood is therefore deemed to be interested in all the Shares in which Mr. Dong, Pacific Wits and Tairong are interested by virtue of section 317 of the SFO.

3. Newwood and Numerous Joy are wholly owned by Mr. Dong. Pursuant to the Subscription Agreement, Newwood and Numerous Joy subscribed for 461,711,082 and 92,342,216 new Shares respectively upon completion of the Subscription. Mr. Dong is also a party to the Shareholders Agreement, is therefore deemed to be interested in all the Shares in which Newwood, Pacific Wits and Tairong are interested by virtue of section 317 of the SFO.

4. Pacific Wits is wholly owned by Mr. Ning. Pursuant to the Subscription Agreement, Pacific Wits subscribed for 438,625,528 new Shares upon completion of the Subscription. Mr. Ning and Pacific Wits are also the parties to the Shareholders Agreement, are therefore deemed to be interested in all the Shares in which Mr. Dong, Newwood and Tairong are interested by virtue of section 317 of the SFO.

5. Tairong is wholly owned by Mr. Xu. Pursuant to the Subscription Agreement, Tairong subscribed for 438,625,528 new Shares upon completion of the Subscription. Mr. Xu and Tairong are also the parties to the Shareholder Agreement, are therefore deemed to be interested in all the Shares in which Mr. Dong, Newwood and Pacific Wits are interested by virtue of section 317 of the SFO.

Save as disclosed above, as at 31 December 2015, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

SHARE OPTIONS/EQUITY-LINKED AGREEMENT

Pursuant to a resolution passed at the annual general meeting held on 17 June 2014, the Company's shareholders approved adoption of a share option scheme which will remain in force for a period of 10 years from the effective date of its adoption.

Particulars of the share option scheme of the Company are set out in note 33 to the consolidated financial statements. There were no outstanding share options as at 1 January 2015 and 31 December 2015 and no share options were granted, exercised, cancelled or lapsed during the year ended 31 December 2015.

MAJOR CUSTOMERS AND SUPPLIERS

As at 31 December 2015, the percentage of purchases of the Group attributable to the largest supplier and the five largest suppliers combined are 84.2% and 91.2% respectively.

As at 31 December 2015, the percentage of turnover of the Group attributable to the largest customer and the five largest customers combined are 81.6% and 91.7% respectively.

Save as Mr. Xu Zheng (a non-executive Director and a substantial shareholder of the Company), who is beneficially interested in Beijing Joy Leader Culture Communication Co. Ltd* (北京真樂道文化傳播有限公司), being the largest supplier and the largest customer of the Group as at 31 December 2015 (please refer to the section "Company's Contracts of Significance/ Connected Transaction/ Continuing Connected Transaction" for the details on the transaction between the Group and Beijing Joy Leader Culture Communication Co. Ltd.,*), as at 31 December 2015, none of the directors, their associates or shareholders (which to the knowledge of the directors own more than five percent of the Company's share capital) had any interest in the five largest suppliers or customers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

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

ENVIRONMENTAL PROTECTION

The Group encourages staff to save energy, minimize the use of natural resources and paper products. The existing businesses of the Group is not expected to create material damages to the environment and therefore the Group has not conducted any statistics in respect of the environment protection. We will continue to take into account the environmental protection factor in the future when planning business activities ahead.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board paid attention to the Group's policies and practices on compliance with legal and regulatory requirements. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable law framework. Besides, the Group always maintains a safe working environment for staff in accordance with relevant safety policies. There was no incident of non-compliance with relevant laws and regulations that had a significant impact on the Company during 2015.

* *for identification purposes only*

RELATIONSHIP WITH KEY STAKEHOLDERS

Our staff is regarded as the most important resource of the Group. Hence, the Group has been endeavouring to provide our staff with a fair and harmonious workplace where individuals with diverse cultural backgrounds are treated equally. We offer a competitive remuneration package and great opportunities for career advancement based on employees' performance.

In respect of the media and entertainment and related businesses of the Group, the film industry is fragmented and highly competitive. Following years of rapid development, there is a vast number of independent service providers providing various film and television production and distribution services and there is a number of reputable and reliable independent service providers who have been engaged by Hong Kong and overseas film companies for producing and distributing films and television drama series in the PRC. Mr. Dong Ping, the Chairman of the Board and an executive Director, Mr. Ning Hao and Mr. Xu Zheng, both non-executive Directors, have extensive experience, expertise and connections in the media and entertainment industries and each of them has noteworthy background, experience, social status, personal and/or professional achievements and connections with business partners in the film industry, their collective knowledge and experience would enhance the Group to identify appropriate and reliable third party service providers and negotiate suitable commercial arrangements with such providers to provide the necessary services to the Company.

The Group also places effort to maintain good relationships with various financial institutions and professional advisers to maintain its continuous growth and operation needs.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of business of the Company were entered into or exist during the year ended 31 December 2015.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report of this annual report.

DIRECTORS' REPORT

REVIEW OF THE RESULTS

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the consolidated financial statements for the year ended 31 December 2015.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 120 of the annual report. This summary does not form part of the audited consolidated financial statements.

AUDITOR

The consolidated financial statements for the year ended 31 December 2015 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as an auditor of the Company.

On behalf of the Board
Dong Ping
Chairman

Hong Kong, 23 March 2016

Deloitte.
德勤

TO THE SHAREHOLDERS OF HUANXI MEDIA GROUP LIMITED
(FORMERLY KNOWN AS 21 HOLDINGS LIMITED)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Huanxi Media Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 119, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 23 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** ***HK$'000***	2014 *HK$'000*
Revenue	7	**266,913**	203,803
Cost of sales and service rendered		**(219,322)**	(173,732)
Gross profit		**47,591**	30,071
Investment and other income	9	**6,888**	1,712
Other losses	10	**(4,351)**	(2,322)
Selling and distribution costs		**(921)**	(4,170)
Administrative expenses		**(47,361)**	(34,756)
Share-based payments	28(c)	**(81,000)**	–
Impairment loss on goodwill	20	**(4,395)**	(1,219)
Finance costs	11	**(617)**	(2,112)
Loss before tax		**(84,166)**	(12,796)
Income tax expense	12	**(8,630)**	(348)
Loss for the year	13	**(92,796)**	(13,144)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(6,820)**	(1,055)
Total comprehensive expense for the year		**(99,616)**	(14,199)
Loss for the year attributable to owners of the Company		**(92,796)**	(13,144)
Total comprehensive expense for the year attributable to owners of the Company		**(99,616)**	(14,199)
Loss per share			
– Basic (HK dollar)	17	**(0.08)**	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**1,826**	910
Loan receivable	19	**–**	80,000
Goodwill	20	**–**	4,395
		1,826	85,305
CURRENT ASSETS			
Trade and other receivables	21	**257,356**	155,759
Film rights investment	22	**13,925**	–
Investments held for trading	23	**55,580**	–
Bank balances and cash	24	**726,598**	231,917
		1,053,459	387,676
CURRENT LIABILITIES			
Trade and other payables	25	**55,243**	129,399
Loan payable	26	**–**	6,000
Tax payable		**9,926**	1,472
		65,169	136,871
NET CURRENT ASSETS		**988,290**	250,805
NET ASSETS		**990,116**	336,110
CAPITAL AND RESERVES			
Share capital	28	**23,086**	5,771
Reserves		**967,030**	330,339
TOTAL EQUITY		**990,116**	336,110

The consolidated financial statements on pages 53 to 119 were approved and authorised for issue by the board of directors on 23 March 2016 and are signed on its behalf by:

Dong Ping
DIRECTOR

Xiang Shaokun, Steven
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000* (Note)	Contributed surplus *HK$'000*	Exchange reserve *HK$'000*	Retained profits (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January 2014	3,208	11,418	2,099	149,220	6,096	35,642	207,683
Loss for the year	–	–	–	–	–	(13,144)	(13,144)
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,055)	–	(1,055)
Total comprehensive expense for the year	–	–	–	–	(1,055)	(13,144)	(14,199)
Issue of shares upon placing of shares (Note 28(a))	640	51,200	–	–	–	–	51,840
Issue of shares upon open offer (Note 28(b))	1,923	94,266	–	–	–	–	96,189
Share issue expenses	–	(5,403)	–	–	–	–	(5,403)
At 31 December 2014	5,771	151,481	2,099	149,220	5,041	22,498	336,110
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(92,796)**	**(92,796)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(6,820)**	**–**	**(6,820)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(6,820)**	**(92,796)**	**(99,616)**
Issue of shares upon subscription of shares (Note 28(c))	**17,015**	**663,552**	**–**	**–**	**–**	**–**	**680,567**
Issue of shares to a financial adviser (Note 28(c))	**300**	**80,700**	**–**	**–**	**–**	**–**	**81,000**
Share issue expenses	**–**	**(7,945)**	**–**	**–**	**–**	**–**	**(7,945)**
At 31 December 2015	**23,086**	**887,788**	**2,099**	**149,220**	**(1,779)**	**(70,298)**	**990,116**

Note: The capital reserve arising from the group reorganisation represents the difference between the nominal value of the share capital issued by the Company in exchange for the aggregate nominal values of the share capital of the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(84,166)**	(12,796)
Adjustments for:			
Depreciation of property, plant and equipment		**788**	830
Impairment loss on goodwill		**4,395**	1,219
Impairment loss on trade receivables		**1,551**	1,121
Impairment loss on other receivables		**–**	382
Share-based payments		**81,000**	–
Reversal of impairment loss on trade receivables		**(66)**	–
Loss on acquisitions of assets through acquisitions of subsidiaries	30	**1,109**	–
Loss on disposals of subsidiaries	31	**–**	1,304
Finance costs		**617**	2,112
Gain on disposals of financial assets at fair value through profit or loss		**–**	(570)
Gain on disposal of note receivable		**–**	(813)
Unrealised loss of investments held for trading		**1,691**	–
Loss on disposal of property, plant and equipment		**87**	–
Interest income		**(6,508)**	(1,203)
Operating cash flows before movements in working capital		**498**	(8,414)
Increase in trade and other receivables		**(294,255)**	(73,644)
Decrease in film rights investment		**170,690**	–
(Increase) decrease in investments held for trading		**(57,271)**	41,639
(Decrease) increase in trade and other payables		**(72,832)**	61,794
Cash (used in) from operations		**(253,170)**	21,375
Income taxes paid		**(316)**	(47)
Income taxes refunded		**571**	35
Interest paid		**(1,255)**	(1,474)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(254,170)**	19,889

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Net cash inflow on acquisitions of assets through acquisitions of subsidiaries	30	**–**	4,272
Net cash outflow on disposals of subsidiaries	31	**–**	(1,614)
Net cash outflow on acquisitions of assets through acquisitions of subsidiaries	30	**(1,200)**	–
Purchase of property, plant and equipment		**(1,714)**	(8)
Proceeds from disposal of note receivable		**–**	10,768
Proceeds from disposals of financial assets at fair value through profit or loss		**–**	9,720
Addition of loan receivable		**–**	(80,000)
Proceeds from loan receivable		**80,000**	–
Interest received		**6,543**	1,075
Proceeds from disposal of property, plant and equipment		**–**	2
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**83,629**	(55,785)
FINANCING ACTIVITIES			
Proceeds on issue of shares upon subscription of shares		**680,567**	–
Proceeds on issue of shares under placing of shares		**–**	51,840
Proceeds on issue of shares upon open offer		**–**	96,189
Loan payable raised		**–**	6,000
Repayment of loan payable		**(6,000)**	–
Share issue expenses		**(7,945)**	(5,403)
NET CASH FROM FINANCING ACTIVITIES		**666,622**	148,626
NET INCREASE IN CASH AND CASH EQUIVALENTS		**496,081**	112,730
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**231,917**	120,238
Effect of foreign exchange rate changes		**(1,400)**	(1,051)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**726,598**	231,917

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 38.

Pursuant to a special resolution passed at the special general meeting of the Company held on 28 August 2015, the shareholders of the Company approved to change the Company's name from "21 Holdings Limited" to "Huanxi Media Group Limited". The change of the Company's name became effective on 22 September 2015.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs (hereinafter collectively referred to as the "amendments to HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
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	Equity method in separate financial statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 "Financial instruments" *(Continued)*

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 "Financial instruments" *(Continued)*

The directors of the Company anticipate that the adoption of HKFRS 9 in the future will not affect the classification and measurement of the Group's financial assets and financial liabilities.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may not have material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new CO regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Film rights investment income represents the Group's share of box office sales from films exhibited in movie theatres, after the payment by the movie theatres of taxes and other governmental charges, deductions by movie theatres and the monies payable to National Film Industry Development Special Fund. The Group's share of profit is determined in accordance with the profit sharing ration set out in the respective film rights investment agreements.

Revenue from film rights investment is recognised when (i) the films are exhibited in movie theatres over the period, (ii) the amount of revenue can be measured reliably and (iii) the collectability of the entitled proceeds is reasonably assured.

Agency commission and service income from property agency is recognised in the accounting period in which the services are rendered, which is generally the time when a formal agreement among the transacted parties is established.

Franchise income is recognised in accordance with the terms of the relevant franchise agreement and when the Group's entitlement to payment has been established.

Advertising agency income is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs *(Continued)*

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

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

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Film rights investment

Film rights investment represent films invested by the Group.

Film rights investment are stated at cost less any identified impairment loss. The costs of film rights are amortised as an expense in cost of sales based on the proportion of actual income earned from a film during the year to the total estimated income from the exhibition of the film attributable to the Group, according to the profit sharing ratio specified in the film rights investment agreements.

The Group reviews and revises estimates of total projected revenue of film rights at the end of each reporting period. If estimates are revised, the Group adjusts the amount of total projected revenue (denominator) from the period when such changes in estimates take place and re-calculate the ratio for amortisation of film rights. The effect from changes in estimates is recognised on a prospective basis.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets comprise of investments held for trading and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivable, trade and other receivables, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables and loan payable) are subsequently measured at amortised cost using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The followings are 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.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill was nil (net of accumulated impairment loss of HK$538,900,000) (2014: carrying amount of HK$4,395,000, net of accumulated impairment loss of HK$540,987,000).

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate is computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade receivables was HK$238,090,000 (net of allowance for doubtful debts of HK$7,557,000) (2014: carrying amount of HK$119,499,000, net of allowance for doubtful debts of HK$6,551,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Film rights investment

The costs of film rights are recognised as an expense based on the proportion of actual income earned from a film right during the year to the total estimated income from the exhibition of the film attributable to the Group, according to the profit sharing ratio specified in the film rights investment agreements. The Group is required to estimate the projected revenue of the film which requires the use of judgement and assumptions with reference to the prevailing and future market conditions. Changes in these estimate and assumptions could have a material effect on the cost of film rights to be recognised as expenses. The carrying amount of the film rights investment as at 31 December 2015 was HK$13,925,000 (2014: nil).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (net of cash and cash equivalents) and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt or reduction in capital.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**972,840**	464,875
Financial assets at fair value through profit or loss – Held for trading	**55,580**	–
	1,028,420	464,875
Financial liabilities		
Amortised cost	**50,657**	125,329
Loan payable	**–**	6,000
	50,657	131,329

6b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

Foreign currency risk management

The Group operates in Hong Kong and the People's Republic of China (the "PRC") with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to Renminbi ("RMB"), British Pounds Sterling ("GBP"), Singapore Dollars ("SGD") and United State Dollars ("USD"), arising from foreign currency trade and other receivables, investments held for trading, bank balances and cash, and trade and other payables.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Foreign currency risk management (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of reporting period are as follows:

	Liabilities		Assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**(30,988)**	(12,915)	**234,940**	91,152
USD	**–**	–	**8,754**	8,754
GBP	**–**	–	**8**	89
SGD	**(109)**	(129)	**–**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in the functional currency of each group entity against the above foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD, and adjusts their translation at the year end for a 5% (2014: 5%) change in foreign currency rate. A positive number below indicates a decrease in loss where the above foreign currencies strengthen 5% (2014: 5%) against the functional currency of each group entity. For a 5% (2014: 5%) weakening of the above foreign currencies against the functional currency of each group entity, there would be an equal and opposite impact on the loss and the balance below would be opposite.

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**7,644**	3,265

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

***Market risk** (Continued)*

Interest rate risk management

The Group is exposed to fair value interest rate risk primarily relate to loan receivable and loan payable, as set out in notes 19 and 26.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances because these balances carry interest at prevailing rates and they are of short maturity.

Sensitivity analysis

Regarding the cash flow interest rate risk, the sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank deposits, the analysis is prepared assuming the amount of the relevant asset outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2015 would decrease/increase by HK$889,000 (2014: HK$541,000).

Equity and other price risk management

The Group is exposed to equity and other price risk through its investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity quoted in the open markets.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and other price risks of investments held for trading at the reporting date.

For the year ended 31 December 2015, if the prices of the respective equity investments had been 5% higher/lower, loss would decrease/increase by HK$2,320,000 (2014: nil) as a result of the changes in fair value of equity securities held by the Group which was based on the quoted prices of the respective securities in active markets for identical assets.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group had concentration of credit risk on its loan receivable as the entire amount of the loan receivable is attributed to an independent third party. The management of the Group considers that the credit risk on investments in this loan receivable is limited as it was issued by a company which shares are listed on the Stock Exchange.

The Group has concentration of credit risk as 93% (2014: nil) of the total trade receivables was due from the Group's largest customer and 82% (2014: nil) of the film rights investment income was from the Group's largest customer with the film rights investment and advertising agency segment.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial instruments based on the agreed repayment terms. For non-derivative financial instruments, the table has been drawn up based on the undiscounted cash flows of financial instruments based on the earliest date on which the Group can entitle to receive or be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of reporting period.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity risk tables

	Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at 31/12/2015
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015						
Non-derivative financial assets						
Trade and other receivables	–	17,822	5,224	223,196	246,242	246,242
Bank balances and cash	–	726,598	–	–	726,598	726,598
Investments held for trading	–	55,580	–	–	55,580	55,580
		800,000	5,224	223,196	1,028,420	1,028,420
Non-derivative financial liabilities						
Trade and other payables	–	50,657	–	–	50,657	50,657

	Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at 31/12/2014
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014						
Non-derivative financial assets						
Loan receivable	8%	–	–	85,927	85,927	80,000
Trade and other receivables	–	91,813	33,488	27,657	152,958	152,958
Bank balances and cash	–	231,917	–	–	231,917	231,917
		323,730	33,488	113,584	470,802	464,875
Non-derivative financial liabilities						
Trade and other payables	–	125,329	–	–	125,329	125,329
Loan payable	15%	74	148	6,414	6,636	6,000
		125,403	148	6,414	131,965	131,329

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table gives information about how the fair values of these financial assets are determined (in particular the revaluation technique(s) and inputs used), as well as the level of the fair value hierarchy into which fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Held for trading non-derivative financial assets classified as investments held for trading in the statement of consolidated financial position	Listed equity securities in Hong Kong – HK$55,580,000	Nil	Level 1	Quoted bid prices in an active market	N/A	N/A

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. FINANCIAL INSTRUMENTS *(Continued)*

6d. Fair value measurements recognised in the consolidated statement of financial position

	As at 31 December 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets				
Fair value through profit or loss				
– Investments held for trading	**55,580**	**–**	**–**	**55,580**

There were no transfers between Level 1, 2 and 3 in the current and prior years.

The board of directors of the Company has set up an investment team, which is headed up by the directors and designees (the "Investment Officers") of the Company, to engage in securities trading and investment operation.

In estimating the fair value of an asset, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent professional qualified valuer to perform the valuation. The Investment Officers work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Investment Officers report the findings to the board of directors of the Company semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

7. REVENUE

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

	2015	2014
	HK$'000	*HK$'000*
Film rights investment income net of tax	**217,701**	–
Property agency commission and service income in Hong Kong and the PRC	**49,212**	198,826
Franchise income	**–**	4,977
	266,913	203,803

7. REVENUE *(Continued)*

During the year, the Group entered into agreements with 北京真樂道文化傳播有限公司 ("北京真樂道"), a company in which Mr. Xu Zheng ("Mr. Xu"), a non-executive director of the Company, has beneficial interest, to acquire at a consideration of RMB150,000,000 (equivalent to HK$184,615,000) (note 35(a)) film rights, whereby the Group can share 47.5% box office sales income from exhibition in movie theatres less taxes and other governmental charges, deduction by movie theatres, payment for industrial development fund as well as other payment in relation to production and distribution of the film.

The amount of RMB188,173,000 (equivalent to HK$231,597,000) (note 35(a)) represented the share of such net box office sales income from exhibition in movie theatres including tax, and the respective film rights investment cost was recognised as cost of sales accordingly.

8. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating and reportable segments, based on information provided to the chief operating decision maker ("CODM") representing the executive directors of the Company, for the purpose of resource allocation and assessment of segment performance on types of services provided and goods sold. This is also the basis upon which the Group is arranged and organised.

Following the acquisition of the entire equity interest in Sinofocus Media (Holdings) Limited ("Sinofocus Media") (details are set out in note 30(c)), the Group engages in film rights investment and provision of advertising agency services and the Group's operations are currently organised into three operating and reportable segments as follows:

Film rights investment and advertising agency	–	Film rights investment and provision of advertising agency services
Property agency in Hong Kong and the PRC	–	Provision of property agency and related services in Hong Kong and the PRC
Securities trading and investments	–	Securities trading and investments

8. SEGMENT INFORMATION *(Continued)*

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

	Film rights investment and advertising agency		Property agency in Hong Kong and the PRC		Securities trading and investments		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
– External sales net of tax	**217,701**	–	**49,212**	203,803	**–**	–	**266,913**	203,803
Segment profit (loss)	**33,170**	49	**(9,690)**	(5,887)	**(1,832)**	865	**21,648**	(4,973)
Unallocated corporate income							**4,513**	48
Unallocated corporate expenses							**(28,710)**	(7,871)
Share-based payments							**(81,000)**	–
Finance costs							**(617)**	–
Loss before tax							**(84,166)**	(12,796)
Other information (included in measure of segment profit (loss))								
Net loss on investments held for trading	**–**	–	**–**	–	**(1,691)**	(1,280)	**(1,691)**	(1,280)
Investment and other income	**2,237**	329	**127**	470	**11**	865	**2,375**	1,664
Depreciation of property, plant and equipment	**4**	2	**605**	810	**–**	18	**609**	830
Loss on disposal of property, plant and equipment	**–**	–	**84**	–	**–**	–	**84**	–
Impairment loss on trade receivables	**–**	–	**1,551**	1,121	**–**	–	**1,551**	1,121
Impairment loss on goodwill	**–**	–	**4,395**	1,219	**–**	–	**4,395**	1,219

The segment revenue net of tax on film rights investment and advertising agency above is from a related party (note 35(a)). All of the segment revenue on property agency in Hong Kong and the PRC reported above is from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) from each segment without allocation of unallocated corporate income (which mainly includes loan interest income and bank interest income), unallocated corporate expenses (which mainly include loss on acquisitions of assets through acquisitions of subsidiaries and administrative expenses), share-based payments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	Film rights investment and advertising agency		Property agency in Hong Kong and the PRC		Securities trading and investments		Unallocated		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Segment assets	**265,839**	108,110	**21,287**	176,442	**56,418**	56	**–**	–	**343,544**	284,608
Unallocated assets	**–**	–	**–**	–	**–**	–	**711,741**	188,373	**711,741**	188,373
Consolidated total assets									**1,055,285**	472,981
LIABILITIES										
Segment liabilities	**38,574**	12,505	**19,855**	119,915	**2,582**	1,999	**–**	–	**61,011**	134,419
Unallocated liabilities	**–**	–	**–**	–	**–**	–	**4,158**	2,452	**4,158**	2,452
Consolidated total liabilities									**65,169**	136,871

For the purposes of monitoring segment performances and allocating resources between segments:

– all assets are allocated to operating and reportable segments other than certain property, plant and equipment, loan receivable, certain other receivables and certain bank balances and cash; and

– all liabilities are allocated to operating and reportable segments other than certain other payables and certain tax payable.

8. SEGMENT INFORMATION *(Continued)*

Entity-wide disclosures

Geographical information

The Group's current operations are mainly located in the PRC, Europe, Japan and Hong Kong.

Information about the Group's revenue net of tax is presented based on the location of the operations. Information about the Group's non-current assets by geographical location of the assets are detailed below:

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**48,480**	202,223	**1,682**	84,811
PRC	**218,315**	411	**144**	494
Europe	**–**	1,169	**–**	–
Japan	**118**	–	**–**	–
	266,913	203,803	**1,826**	85,305

Information about major customers

For the years ended 31 December 2015 and 2014, revenue from customers of the corresponding years contributing over 10% of the total revenue net of tax of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**217,701**	–[3]
Customer B[2]	**–[3]**	37,435
Customer C[2]	**–[3]**	30,492
Customer D[2]	**–[3]**	24,936

1 Revenue from film rights investment in the PRC.
2 Revenue from property agency in Hong Kong.
3 The corresponding customer did not contribute over 10% of the total revenue of the Group.

9. INVESTMENT AND OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest on bank deposits	**2,335**	550
Interest on loan receivable	**4,173**	35
Sundry income	**380**	509
Interest on debt securities	**–**	490
Imputed interest on note receivable	**–**	128
	6,888	1,712

10. OTHER LOSSES

	2015	2014
	HK$'000	*HK$'000*
Net loss on investments held for trading	**(1,691)**	(1,280)
Loss on acquisitions of assets through acquisitions of subsidiaries (notes 30(a) & (b))	**(1,109)**	–
Impairment loss on trade receivables	**(1,551)**	(1,121)
Loss on disposals of subsidiaries	**–**	(1,304)
Gain on change in fair value of financial assets at fair value through profit or loss	**–**	570
Gain on disposal of note receivable	**–**	813
	(4,351)	(2,322)

11. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Interest expense on loan payable	**617**	2,112

12. INCOME TAX EXPENSE

	2015	2014
	HK$'000	HK$'000
The tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	**371**	348
– PRC Enterprise Income Tax ("EIT")	**8,282**	–
	8,653	348
Overprovision in prior year		
– Hong Kong Profits Tax	**(23)**	–
	8,630	348

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

12. INCOME TAX EXPENSE *(Continued)*

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before tax	**(84,166)**	(12,796)
Tax at the applicable rate of 25% (2014: 16.5%) (Note)	**(21,041)**	(2,111)
Tax effect of expenses not deductible for tax purpose	**23,313**	2,151
Tax effect of income not taxable for tax purpose	**(900)**	(545)
Tax effect of temporary difference not recognised	**(115)**	1,971
Tax effect of tax loss not recognised	**5,066**	808
Overprovision in prior year	**(23)**	–
Utilisation of tax loss previously not recognised	**(41)**	(1,879)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,371**	(47)
Income tax expense for the year	**8,630**	348

Note: The domestic income tax rate is changed to 25% as the Group's operations are substantially based in the PRC for the year ended 31 December 2015.

13. LOSS FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Directors' remuneration, including retirement benefits scheme contributions (Note 14)	**6,546**	1,350
Other staff costs	**15,865**	12,070
Other retirement benefits scheme contributions	**539**	595
Total staff costs	**22,950**	14,015
Auditor's remuneration	**1,280**	1,278
Depreciation of property, plant and equipment	**788**	830
Reversal of impairment loss on trade receivables	**(66)**	–
Loss on disposal of property, plant and equipment	**87**	–
Operating lease payments for office premises, shops and photocopying machines	**5,236**	4,569
Commission expense on property agency	**34,645**	173,602
Impairment loss on other receivables	**–**	382

14. DIRECTORS' AND EXECUTIVE'S EMOLUMENTS

Directors' and executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules and CO, are as follows:

For the year ended 31 December 2015

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Dong Ping ("Mr. Dong") (Note f)	86	1,476	–	1,562
Mr. Xiang Shaokun, Steven ("Mr. Xiang") (Note f)	–	3,791	6	3,797
Mr. Ning Hao ("Mr. Ning") (Note f)	79	–	–	79
Mr. So Chak Kwong (Note f)	79	–	–	79
Mr. Gao Zhikai (Note f)	79	–	–	79
Mr. Xu (Note f)	79	–	–	79
Mr. Li Xiaolong (Note f)	79	–	–	79
Mr. Su Tuong Sing, David (Note f)	79	–	–	79
Mr. Wong Tak Chuen ("Mr. Wong")	180	–	–	180
Mr. Lei Hong Wai ("Mr. Lei") (Note d)	–	101	5	106
Mr. Ng Kai Man ("Mr. Ng") (Note e)	–	108	4	112
Mr. Cheung Kwok Fan ("Mr. Cheung") (Note d)	–	101	5	106
Ms. Chio Chong Meng ("Ms. Chio") (Note d)	101	–	–	101
Mr. Man Kong Yui ("Mr. Man") (Note e)	108	–	–	108
	949	5,577	20	6,546

14. DIRECTORS' AND EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2014

	Fees	Salaries	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lei (Note b)	–	112	5	117
Mr. Ng	–	625	14	639
Mr. Cheung (Note b)	–	112	5	117
Ms. Chio (Note b)	113	–	–	113
Mr. Wong (Note b)	113	–	–	113
Mr. Man (Note b)	113	–	–	113
Mr. Lui Siu Tsuen, Richard (Note c)	50	–	–	50
Mr. Ding Chung Keung (Note a)	38	–	–	38
Ms. Cheung Sze Man (Note c)	50	–	–	50
	477	849	24	1,350

Notes:

(a) Resigned on 27 March 2014
(b) Appointed on 10 April 2014
(c) Resigned on 10 April 2014
(d) Resigned on 2 September 2015
(e) Resigned on 18 September 2015
(f) Appointed on 2 September 2015

Mr. Ng resigned as the Chairman of the Company on 10 April 2014 and resigned as an executive director on 18 September 2015. Mr. Lei was appointed as the Chairman of the Company and an executive director on 10 April 2014 and resigned on 2 September 2015. Mr. Xiang was appointed as the Chief Executive Officer ("CEO") of the Company on 18 September 2015 and an executive director on 2 September 2015 and his emoluments disclosed above included those services rendered by him as CEO.

For the year ended 31 December 2015, other benefits included housing allowance. For both 2015 and 2014, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived any emoluments for both 2015 and 2014.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2014: one) were/was director(s) of the Company, whose emoluments are/is included in note 14 above. The emoluments of the remaining three (2014: four) individuals were as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	**4,303**	2,794
Retirement benefits scheme contributions	**41**	67
	4,344	2,861

Their emoluments were within the following bands:

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

16. DIVIDENDS

No dividends were paid, declared or proposed for the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of both reporting periods.

17. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(92,796)**	(13,144)

	Number of ordinary shares	
	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,151,121**	485,699

No diluted loss per share is presented in both years, as there were no potential ordinary shares outstanding during the years ended 31 December 2015 and 2014.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furnitures, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January 2014	2,088	1,256	885	4,229
Additions	–	8	–	8
Disposals	–	(5)	–	(5)
Acquisitions of assets through acquisitions of subsidiaries	–	7	–	7
Disposals of subsidiaries	(57)	(633)	(325)	(1,015)
Exchange realignment	(30)	(16)	–	(46)
At 31 December 2014	2,001	617	560	3,178
Additions	**769**	**157**	**788**	**1,714**
Disposals	**(218)**	**(62)**	**–**	**(280)**
Acquisitions of assets through acquisitions of subsidiaries	**–**	**–**	**91**	**91**
Exchange realignment	**(67)**	**(33)**	**–**	**(100)**
At 31 December 2015	**2,485**	**679**	**1,439**	**4,603**
DEPRECIATION				
At 1 January 2014	1,110	682	592	2,384
Provided for the year	407	249	174	830
Eliminated on disposals	–	(3)	–	(3)
Eliminated on disposals of subsidiaries	(44)	(573)	(300)	(917)
Exchange realignment	(17)	(9)	–	(26)
At 31 December 2014	1,456	346	466	2,268
Provided for the year	**496**	**155**	**137**	**788**
Eliminated on disposals	**(144)**	**(49)**	**–**	**(193)**
Exchange realignment	**(58)**	**(28)**	**–**	**(86)**
At 31 December 2015	**1,750**	**424**	**603**	**2,777**
CARRYING VALUES				
At 31 December 2015	**735**	**255**	**836**	**1,826**
At 31 December 2014	545	271	94	910

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

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

19. LOAN RECEIVABLE

On 30 December 2014, the Group granted a loan with the principal amount of HK$80,000,000 to Mastermind Capital Limited ("MCL", now known as "Global Mastermind Capital Limited"), a company with its shares listed on the Stock Exchange, for a term of two years. The interest rate is 8.00% per annum, payable monthly and the default interest rate is 16.00% per annum on the default payment from the date of default until the sum is paid.

At initial recognition, the fair value of the loan receivable was measured at present value of contractual future cash flows discounted at effective interest rate of 8.00%, taking into account the remaining time to maturity. The loan receivable carries fixed interest rate at 8.00% per annum with maturity on 29 December 2016.

During the year ended 31 December 2015, the loan receivable was repaid by MCL and the interest of HK$4,173,000 was included in investment and other income during the year.

20. GOODWILL

	Property agency		
	Hong Kong	PRC	Total
	HK$'000	*HK$'000*	*HK$'000*
COST			
At 1 January 2014	429,960	119,800	549,760
Exchange realignment	–	(2,933)	(2,933)
Disposal of a subsidiary	(1,445)	–	(1,445)
At 31 December 2014	428,515	116,867	545,382
Exchange realignment	**–**	**(6,482)**	**(6,482)**
At 31 December 2015	**428,515**	**110,385**	**538,900**
IMPAIRMENT			
At 1 January 2014	422,901	119,800	542,701
Impairment loss recognised in the year	1,219	–	1,219
Exchange realignment	–	(2,933)	(2,933)
At 31 December 2014	424,120	116,867	540,987
Impairment loss recognised in the year	**4,395**	**–**	**4,395**
Exchange realignment	**–**	**(6,482)**	**(6,482)**
At 31 December 2015	**428,515**	**110,385**	**538,900**
CARRYING VALUES			
At 31 December 2015	**–**	**–**	**–**
At 31 December 2014	4,395	–	4,395

Goodwill is allocated to the groups of cash generating units ("CGUs") identified according to operating segment. The goodwill allocated to the property agency segment in the PRC was fully impaired in 2012 whereas the goodwill allocated to the property agency segment in Hong Kong is fully impaired during the year ended 31 December 2015.

20. GOODWILL *(Continued)*

Property agency in Hong Kong

The recoverable amount of the CGU of property agency segment in Hong Kong was based on its value-in-use which is higher than its fair value less cost to sell, both of which were determined with reference to the valuation performed by an independent professional qualified valuer not connected with the Group. The value-in-use calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 19.93% (2014: 19.10%). The financial budgets are net cash outflow in the covering five-year period due to deteriorating market sentiment so no cash flow beyond the five-year period were extrapolated as at 31 December 2015. As at 31 December 2014, cash flows beyond the five-year period were extrapolated using a 3.42% growth rate in considering the economic conditions of the market.

The estimated growth rates used are comparable to the growth rate for the industry. Other key assumptions for the value-in-use calculations related to the estimation of cash inflows which include budgeted sales and gross margin. Such estimation is based on the unit's past performance, management's expectations for market development as well as the potential profitability in the property agency market in Hong Kong, which is adversely affected by the deteriorating market sentiment as a result of property cooling measures, such as introduction of Buyer's Stamp Duty and enhanced Special Stamp Duty in October 2012, certain demand-side management measures in February 2014, certain regulations on selling first-hand properties in April 2014 and new mortgage-tightening measures in February 2015. The management of the Company therefore was of the opinion that their previous expectation as at 31 December 2014 on the potential profitability could not be met and as a result, goodwill was impaired accordingly.

The carrying amount of the unit was determined to be higher than its recoverable amount and an impairment loss of HK$4,395,000 (2014: HK$1,219,000) was recognised. The impairment loss was allocated fully to goodwill and is presented on the face of consolidated statement of profit or loss and other comprehensive income.

21. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**245,647**	126,050
Less: Allowance for doubtful debts	**(7,557)**	(6,551)
	238,090	119,499
Prepayment on film script fee	**73**	–
Other deposits paid	**9,365**	2,588
Prepayments	**1,676**	213
Other receivables	**8,152**	33,459
	257,356	155,759

Trade receivables from film rights investment income are usually received within 60 days after the completion of release of the film in movie theatres according to the timing for settlement schedule stipulated in the investment agreement.

For property agency segment in Hong Kong, the Group allows an average credit period of 60 to 90 days to property developers whilst the individual customers are obliged to settle the amounts upon completion of the relevant agreements and generally no credit terms are granted. For property agency segment in the PRC, the Group allows an average credit period of 30 to 60 days to property developers.

The aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Trade receivables		
0 – 30 days	**1,402**	14,276
31 – 60 days	**221,794**	13,381
61 – 90 days	**2,282**	19,354
91 – 180 days	**3,684**	40,755
Over 180 days	**8,928**	31,733
	238,090	119,499

21. TRADE AND OTHER RECEIVABLES *(Continued)*

These receivables relate to a number of independent customers that have a good track record with the Group. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit risk and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Before accepting any new customer, the Group will assess and understand the potential customer's credit quality and defines its credit limits. Credit limits attributed to each customer are reviewed regularly. All of the accounts receivables that are neither past due nor impaired have no default payment history.

As at 31 December 2015, trade receivables included an amount of HK$222,059,000 (2014: nil) from 北京真樂道, which is wholly-owned by Mr. Xu, a non-executive director of the Company.

As at 31 December 2015, the Group's trade receivable balance included debtors with aggregate carrying amount of HK$9,670,000 (2014: HK$58,353,000) which are past due as at the reporting date for which the Group has not provided for impairment loss.

Aging of trade receivables which are past due but not impaired

	2015	2014
	HK$'000	*HK$'000*
Overdue by:		
1 – 90 days	**5,378**	50,954
91 – 180 days	**3,861**	5,483
Over 180 days	**431**	1,916
	9,670	58,353

21. TRADE AND OTHER RECEIVABLES *(Continued)*

Movements in the allowance for doubtful debts

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**6,551**	5,968
Impairment losses recognised on receivables	**1,551**	1,121
Amounts written off during the year as uncollectible	**(479)**	(279)
Amounts recovered during the year	**(66)**	–
Disposals of subsidiaries	**–**	(259)
At 31 December	**7,557**	6,551

For the year ended 31 December 2015, the allowance for doubtful debts included individually impaired trade receivables with an aggregate balance of HK$7,557,000 (2014: HK$6,551,000). The Group does not hold any collateral over these balances.

As at 31 December 2015, other receivables included legal claim receivable of HK$7,891,000 (2014: HK$8,352,000) as set out in note 36 and deposits paid to the property developer of nil (2014: HK$24,518,000) for purchasing the first-hand properties on behalf of its customers.

22. FILM RIGHTS INVESTMENT

	HK$'000
At 1 January 2014 and 31 December 2014	–
Additions	**13,925**
At 31 December 2015	**13,925**

During the year ended 31 December 2015, the Group entered into an agreement with 東陽映月影視文化傳播有限公司, a company in which Mr. Ning (defined in note 14), a non-executive director of the Company, has benefit interest, to invest 20% income right of the film of RMB11,800,000 (equivalent to HK$13,925,000) which was recognised as film rights investment. The Group is entitled to recover its investment amount and a return of 20% of the profit to be derived from the release of the film in any media and in any format less distribution cost, production cost and promotion expenses. The amount of RMB5,000,000 (equivalent to HK$5,900,000) was not settled at 31 December 2015 and was recognised as film rights investment payable (note 25).

23. INVESTMENTS HELD FOR TRADING

Investments held for trading at the end of the reporting period included:

	2015	2014
	HK$'000	*HK$'000*
Listed securities:		
Equity securities listed in Hong Kong (Note)	**55,580**	–

Note: As at 31 December 2015, the investments held for trading included the investments in securities of Hong Kong Exchanges and Clearing Limited which is listed in Hong Kong.

The fair value was based on the quoted prices of the respective securities in active markets.

At 31 December 2015, no investments held for trading were pledged as security.

24. BANK BALANCES AND CASH

Bank balances and cash comprised cash held by the Group and short-term bank deposits that are interest-bearing ranging from 0.01% to 4.90% (2014: 0.01% to 4.60%) and have original maturity of three months or less.

25. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**17,394**	109,340
Other payables	**20,607**	8,055
Film rights investment payable (Note 22)	**5,900**	–
Provision for losses on litigation (Note 36)	**11,342**	12,004
	55,243	129,399

As at 31 December 2015, trade payables of HK$17,394,000 (2014: HK$109,340,000) mainly included the commissions payables to property consultants and cooperative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers.

As at 31 December 2015, other payables were mainly comprised of receipts in advance, accrued directors' and staff costs and other sundry creditors.

26. LOAN PAYABLE

	2015	2014
	HK$'000	*HK$'000*
Loan from other entity	–	6,000
Secured (Note)	–	6,000
Carrying amount repayable within one year	–	6,000
Less: Amount shown under current liabilities	–	(6,000)
	–	–

Note: The loan payable was secured by an undated share charge over the entire issued share capital of Kingbox Investments Limited ("Kingbox"), a wholly-owned subsidiary of the Company, and the shareholder's loan due by Kingbox to the Company.

The loan payable carried fixed interest rate of 15.00% and was repaid during the year ended 31 December 2015.

27. DEFERRED TAX LIABILITIES

At the end of the reporting period, the Group has unused tax losses of HK$119,971,000 (2014: HK$99,871,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. As at 31 December 2015, unrecognised tax losses included losses of HK$13,415,000, nil, HK$6,357,000, HK$513,000 and HK$333,000 that will expire in 2016, 2017, 2018, 2019 and 2020 respectively. As at 31 December 2014, unrecognised tax losses included losses of HK$13,415,000, nil, HK$6,357,000 and HK$513,000, that will expire in 2016, 2017, 2018 and 2019. Other losses may be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised:		
Ordinary shares		
At 1 January 2014, **31 December 2014 and 2015,** at HK$0.01 each	**50,000,000,000**	**500,000**
Issued and fully paid:		
At 1 January 2014	320,759,235	3,208
Issue of shares upon placing of shares (Note a)	64,000,000	640
Issue of shares upon open offer (Note b)	192,379,617	1,923
At 31 December 2014	577,138,852	5,771
Issue of shares upon subscription of shares (Note c)	**1,701,416,556**	**17,015**
Issue of shares to a financial adviser (Note c)	**30,000,000**	**300**
At 31 December 2015	**2,308,555,408**	**23,086**

Notes:

(a) Pursuant to a placing agreement dated 25 April 2014, 64,000,000 shares were allotted and issued at a placing price of HK$0.81 per share on 5 May 2014. The net proceeds from the placing of shares was approximately HK$49,955,000, which was intended to be used for expanding into a new business. For the details of the placing of shares, please refer to the Company's announcement dated 25 April 2014.

(b) Pursuant to an underwriting agreement in respect of the open offer dated 25 April 2014, 192,379,617 shares were allotted and issued at HK$0.50 per share on 16 June 2014. The net proceeds from the open offer was approximately HK$92,671,000, which was intended to be used for expanding into a new business. For the details of the open offer, please refer to the Company's announcement dated 25 April 2014.

(c) Pursuant to the subscription agreement and an amendment agreement dated 14 April 2015 and 13 May 2015 respectively, 1,701,416,556 subscription shares at a subscription price of HK$0.40 per share and 30,000,000 shares to a financial adviser of HK$2.70 per share, being fair value of the date of issuance, for settlement of the financial advisory services rendered to the Group were allotted and issued on 2 September 2015. The net proceeds from the subscription of shares was approximately HK$672,622,000, which was intended to be used for (i) providing the Group with an opportunity to leverage on the extensive experience, expertise and business connection of the subscribers, particularly Mr. Dong, Mr. Ning and Mr. Xu (defined in note 14) to develop existing and new business in the advertising, media and entertainment industry; and (ii) the Group's general working capital. For the details of the subscription of shares and issue of shares to a financial adviser, please refer to the Company's circular dated 5 August 2015.

29. FINANCIAL INFORMATION OF THE COMPANY

	NOTE	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries		**41,913**	66,914
Loan receivable		**–**	80,000
		41,913	146,914
CURRENT ASSETS			
Amounts due from subsidiaries		**182,025**	73,310
Other receivables		**3,265**	180
Bank balances and cash		**650,508**	35,823
		835,798	109,313
CURRENT LIABILITIES			
Other payables		**4,156**	2,450
Loan payable		**–**	6,000
		4,156	8,450
NET CURRENT ASSETS		**831,642**	100,863
NET ASSETS		**873,555**	247,777
CAPITAL AND RESERVES			
Share capital (Note 28)		**23,086**	5,771
Reserves	(a)	**850,469**	242,006
TOTAL EQUITY		**873,555**	247,777

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 23 March 2016 and are signed on its behalf by:

Dong Ping
DIRECTOR

Xiang Shaokun, Steven
DIRECTOR

29. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes:

(a) Reserves

	Share premium	Contributed surplus	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note b)		
At 1 January 2014	11,418	199,168	(37,098)	173,488
Loss for the year and total comprehensive expense for the year	–	–	(71,545)	(71,545)
Issue of shares upon placing of shares	51,200	–	–	51,200
Issue of shares upon open offer	94,266	–	–	94,266
Share issue expenses	(5,403)	–	–	(5,403)
At 31 December 2014	151,481	199,168	(108,643)	242,006
Loss for the year and total comprehensive expense for the year	**–**	**–**	**(127,844)**	**(127,844)**
Issue of shares upon subscription of shares	**663,552**	**–**	**–**	**663,552**
Issue of shares to a financial adviser	**80,700**	**–**	**–**	**80,700**
Share issue expenses	**(7,945)**	**–**	**–**	**(7,945)**
At 31 December 2015	**887,788**	**199,168**	**(236,487)**	**850,469**

(b) Contributed surplus

The contributed surplus represented reduction in issued share capital pursuant to a capital restructuring in 2004, capital reorganisation in 2011 and capital reorganisation in 2012. Under the Company Act 1981 of Bermuda, the contributed surplus of the Company is available for distribution. However, the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

30. ACQUISITIONS OF ASSETS THROUGH ACQUISITIONS OF SUBSIDIARIES

(a) During the year ended 31 December 2015, Wiz Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, Ms. Ko Wei Fong, for the acquisition of the entire equity interest in and the shareholder's loan of State Talent Limited ("State Talent") at a consideration of HK$200,000. State Talent is an investment holding company.

The acquisition was completed on 31 July 2015, on which date control of State Talent was passed to the Group.

The acquisition has been accounted for as an acquisition of assets and liabilities. The effect of the acquisition is summarised as follows:

Net assets acquired:

	2015
	HK$'000
Property, plant and equipment	**91**
Shareholder's loan	**(133)**
	(42)
Sales of shareholder's loan	**133**
	91

Consideration paid:

	2015
	HK$'000
Consideration paid	**200**

Loss on acquisition of assets through acquisition of a subsidiary:

	2015
	HK$'000
Total consideration	**200**
Net assets acquired	**(91)**
Loss on acquisition of assets through acquisition of a subsidiary	**109**

Cash outflow arising on acquisition of assets through acquisition of a subsidiary:

	2015
	HK$'000
Cash consideration paid	**(200)**

30. ACQUISITIONS OF ASSETS THROUGH ACQUISITIONS OF SUBSIDIARIES *(Continued)*

(b) During the year ended 31 December 2015, the Company through its wholly-owned subsidiary, State Talent, entered into a sale and purchase agreement with an independent third party, Shanghai Allied Cement Limited, for the acquisition of the entire equity interest in Interform Strategic Holdings Limited ("Interform") at a consideration of HK$1,000,000. Interform is an investment holding company.

The acquisition was completed on 31 October 2015, on which date control of Interform was passed to the Group.

The acquisition has been accounted for as an acquisition of assets and liabilities. The effect of the acquisition is summarised as follows:

Net assets acquired:

	2015 *HK$'000*
Property, plant and equipment	–

Property, plant and equipment is a motor vehicle which was fully depreciated at the acquisition date.

Consideration paid:

	2015 *HK$'000*
Consideration paid	**1,000**

Loss on acquisition of assets through acquisition of a subsidiary:

	2015 *HK$'000*
Total consideration	**1,000**
Net assets acquired	–
Loss on acquisition of assets through acquisition of a subsidiary	**1,000**

Cash outflow arising on acquisition of assets through acquisition of a subsidiary:

	2015 *HK$'000*
Cash consideration paid	**(1,000)**

30. ACQUISITIONS OF ASSETS THROUGH ACQUISITIONS OF SUBSIDIARIES *(Continued)*

(c) During the year ended 31 December 2014, the Company entered into a sale and purchase agreement with an independent third party, Frontier Services Group Limited ("Frontier Services"), for the acquisition of the entire equity interest in and the shareholder's loan of Sinofocus Media at a consideration of HK$97,000,000. The operation of Sinofocus Media and its subsidiaries was provision of advertising agency services in the PRC and represented the Group's film rights investment and advertising agency segment for segment reporting purposes.

The acquisition was completed on 10 November 2014, on which date control of Sinofocus Media was passed to the Group.

The acquisition has been accounted for as an acquisition of assets and liabilities. The effect of the acquisition is summarised as follows:

Net assets acquired:

	2014 *HK$'000*
Property, plant and equipment	7
Other receivables	9,056
Bank balances and cash	101,400
Other payables	(13,335)
Shareholder's loan	(73,308)
	23,820
Sale of shareholder's loan	73,308
	97,128

Consideration paid:

	2014 *HK$'000*
Consideration paid	97,000
Transaction costs	128
Total consideration	97,128

Net cash inflow arising on acquisition of assets through acquisitions of subsidiaries:

	2014 *HK$'000*
Bank balances and cash acquired	101,400
Cash consideration paid	(97,128)
	4,272

31. DISPOSALS OF SUBSIDIARIES

(a) During the year ended 31 December 2014, the Company through its wholly-owned subsidiary, Century 21 (HK) Group Limited, entered into a sale and purchase agreement with Menkin Limited ("Menkin"), which was wholly-owned by Mr. Ng (defined in note 14), a former director of the Company, in relation to the disposal of the entire equity interest in Century 21 Hong Kong Limited and its subsidiary ("Century 21 Hong Kong Group") at a consideration of HK$4,500,000. Century 21 Hong Kong Group was principally engaged in the provision of franchise services in Hong Kong and Macau. The disposal was completed on 12 December 2014, on which date control of Century 21 Hong Kong Limited was passed to Menkin.

The net assets of Century 21 Hong Kong Group at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	2014 *HK$'000*
Goodwill (Note)	1,445
Property, plant and equipment	98
Cash and cash equivalents	5,799
Trade and other receivables	1,034
Trade and other payables	(2,842)
Tax payable	(45)
Net assets disposed of	5,489

Consideration received:

	2014 *HK$'000*
Consideration received in cash and cash equivalents	4,500
Less: Transaction costs	(315)
	4,185

31. DISPOSALS OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

Note: The recoverable amount of the CGU of Century 21 Hong Kong Limited was based on its value-in-use which was higher than its fair value less cost to sell, both of which were determined with reference to the valuation performed by an independent professional qualified valuer not connected with the Group. The value-in-use calculation used cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 19.37%. Cash flows beyond the five-year period were extrapolated using a 3.42% growth rate in considering the economic conditions of the market.

The estimated growth rates used were comparable to the growth rate for the industry. Other key assumptions for the value-in-use calculations related to the estimation of cash flows which included budgeted sales and gross margin. Such estimation was based on the unit's past performance, management's expectations for market development as well as the potential profitability in the property agency market in Hong Kong, which was adversely affected by the deteriorating market sentiment as a result of property cooling measures, such as introduction of Buyer's Stamp Duty and enhanced Special Stamp Duty in October 2012, certain demand-side management measures in February 2013, certain regulations on selling first-hand properties in April 2013 and new mortgage-tightening measures in February 2015. The recoverable amount of the unit as at 12 December 2014 was HK$1,445,000.

Loss on disposal of subsidiaries:

	2014 *HK$'000*
Net assets disposed of	5,489
Transaction costs	315
Loss on disposal	(1,304)
Total consideration	4,500

Net cash outflow on disposal of subsidiaries:

	2014 *HK$'000*
Consideration received in cash and cash equivalents	4,185
Less: Cash and cash equivalents disposed of	(5,799)
	(1,614)

31. DISPOSALS OF SUBSIDIARIES *(Continued)*

(b) During the year ended 31 December 2014, the Company entered into a sale and purchase agreement with EDS Wellness Holdings Limited ("EDS") for the disposal of the entire equity interest in Century Capital Holdings Limited ("Century Capital") and the shareholder's loan due by Century Capital of HK$747,000 at a consideration of HK$1. Mr. Lei, Mr. Cheung and Mr. Wong (defined in note 14), the former directors of the Company, were also the directors of Eternity Investment Limited, a major shareholder of EDS. Century Capital was an investment holding company and its subsidiaries were inactive. The disposal was completed on 18 December 2014, on which date control of Century Capital was passed to EDS.

The net liabilities of Century Capital and its subsidiaries at the date of disposal were as follows:

Analysis of liabilities over which control was lost:

	2014 *HK$'000*
Shareholder's loan	(747)
Net liabilities disposed of	(747)

Consideration received:

	2014 *HK$'000*
Consideration received in cash and cash equivalents	–

Gain on disposal of subsidiaries:

	2014 *HK$'000*
Net liabilities disposed of	(747)
Sales of shareholder's loan	747
Gain on disposal	–
Total consideration	–

Cash flow on disposal of subsidiaries:

	2014 *HK$'000*
Consideration received in cash and cash equivalents	–

32. OPERATING LEASES

The Group as lessee

The Group made minimum lease payments paid under operating leases in respect of office premises, shops and photocopying machines of approximately HK$5,236,000 (2014: HK$4,569,000).

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

	2015	2014
	HK$'000	*HK$'000*
Within one year	**12,132**	3,038
In the second to fifth years inclusive	**17,847**	477
	29,979	3,515

Leases are negotiated and rentals are fixed for lease terms of one to five years (2014: one to five years).

33. SHARE OPTIONS

Pursuant to the resolution passed at the annual general meeting held on 17 June 2014, the Company's shareholders approved the adoption of a share option scheme (the "Scheme"). The Scheme became valid and effective for a period of 10 years commencing on 20 June 2014. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who have made or may make contribution to the Group. The eligible participants of the Scheme include the Company's or its subsidiaries' directors, employees, and any business consultants, agents, financial or legal advisers and any other persons whom the board of directors of the Company may determine, at its sole discretion, will contribute or have contributed to the Group.

The share options may be exercised at any time within the period commencing from the date of grant of the share options and expiring on the date determined by the Company's directors, but in any event such exercise period shall not be more than 10 years from the date of grant of the share options. The amount payable on the acceptance of a share option is HK$1.

The exercise price of the share options shall be determined by the Company's directors, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

33. SHARE OPTIONS *(Continued)*

The maximum number of shares in the Company in respect of which the share options may be granted under the Scheme and any other share option schemes of the Company is not permitted to exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval of the Scheme (the "Scheme Mandate Limit"), or, if such 10% limit is refreshed, as at the date of the shareholders' approval of the renewal of the Scheme Mandate Limit. Notwithstanding the foregoings, the maximum number of the Company's shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the Company's shares in issue from time to time.

The total number of shares of the Company already issued and to be issued upon exercise of all the share options granted to each participant in any 12-month period up to and including the date of grant is not permitted to exceed 1% of the total number of the Company's shares in issue as at the date of such grant. Any further grant of share options in excess of this 1% limit shall be subject to the approval of the Company's shareholders in general meeting. Each grant of share options to a substantial shareholder or an independent non-executive director or any of their respective associates in excess of 0.1% of the Company's shares in issue and with a value in excess of HK$5,000,000 in any 12-month period up to and including the date of such grant must be approved in advance by the Company's shareholders.

The refreshment of the Scheme Mandate Limit was approved by the Company's shareholders on 16 December 2015. As at 31 December 2015, a total of 230,855,540 shares of the Company (representing approximately 10% of the existing issued share capital of the Company) are available under the Scheme. No share options were granted under the Scheme during the year.

34. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,500 (increased from HK$1,250 to HK$1,500 effective on 1 June 2014) or 5% of relevant payroll costs to the scheme monthly, in which such contribution is matched with each employee.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute 20% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

35. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the Group entered into the following transactions with a related party:

	2015	2014
	HK$'000	*HK$'000*
Film rights investment income including tax from 北京真樂道 (Note)	**231,597**	–
Film rights investment cost including tax paid to 北京真樂道 (Note)	**184,615**	–

Note: Such transactions constituted connected transactions under the Listing Rules. The details of the connected transactions are disclosed under the section headed "Company's Contracts of Significance/Connected Transaction/Continuing Connected Transaction" in the Directors' Report.

(b) Related party balances

Details of the Group's outstanding balances with related parties are set out in notes 21, 22 and 25.

(c) Compensation of key management personnel

The remuneration of directors which were considered as key management personnel of the Group during the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Short-term benefits	**6,526**	1,326
Post-employment benefits	**20**	24
	6,546	1,350

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. LITIGATION

During the year ended 31 December 2014, the Company's subsidiary, 廣東中觀傳媒有限公司 (Guangdong Sinofocus Media Limited*) ("Guangdong Sinofocus") initiated a legal claim against 遼寧廣播電視廣告有限公司 ("Liaoning Radio") for recovering a prepayment of advertisement of RMB9,611,000 (equivalent to HK$11,342,000) (the "Prepayment"), which the amount was paid by a third party, 上海龍韻廣告傳播股份有限公司 ("Shanghai Longyun") on behalf of Guangdong Sinofocus.

After seeking legal advice, the Group considered the amount of claim to be able to recover from Liaoning Radio is RMB6,687,000 (which amount is also guaranteed by Frontier Services (being an independent third party) pursuant to the terms of sale and purchase of the interest in Sinofocus Media, the immediate holding company of Guangdong Sinofocus, by the Group during the year ended 31 December 2014). Accordingly, the amount of RMB6,687,000, equivalent to HK$7,891,000 (2014: equivalent to HK$8,352,000) was recognised as other receivable as at 31 December 2015 and 2014.

As the Prepayment was paid by Shanghai Longyun, Shanghai Longyun also initiated a legal claim against Guangdong Sinofocus for the sum of RMB9,611,000, equivalent to HK$11,342,000 (2014: equivalent to HK$12,004,000). The amount of claim was fully provided by the Group and included in other payables as at 31 December 2015 and 2014 and no further liability was recognised by the Group accordingly.

The litigation result against Shanghai Longyun was released on 8 July 2015 and Guangdong Sinofocus lost the case. The Group paid a sum of RMB9,611,000, equivalent to HK$11,342,000 to Shanghai Longyun in full on 29 January 2016.

* For identification purpose only.

37. EVENT AFTER THE REPORTING PERIOD

On 13 January 2016, Graceful View Holdings Limited ("Graceful") incorporated in the British Virgin Islands ("BVI"), an indirect wholly-owned subsidiary of the Company since January 2016, entered into a framework agreement with an independent third party, MUBI, Inc. ("MUBI"), a corporation incorporated under the laws of the State of Delaware, United States of America, in relation to a strategic cooperation to be implemented through a series of transactions summarised below.

Subject to the terms and conditions of the framework agreement, the Group will (i) make a US$10,000,000 strategic investment in MUBI by subscribing for new shares in MUBI representing 8% of the issued capital stock of MUBI; and (ii) establish a joint venture with MUBI in connection with the provision of online video services including the acquisition of rights to, and distribution online of, movies and videos (through cooperation with one or more licensed platform operators) to consumers in the PRC market which will involve (a) the contribution by Graceful of US$40,000,000 cash to a company or other entity established for the joint venture ("Joint Venture Entity") for 70% of the issued share capital of the Joint Venture Entity; (b) the contribution by MUBI by way of license of its intellectual property into the Joint Venture Entity, for 30% of the issued share capital of the Joint Venture Entity; and (c) the provision of certain technical and operational services by MUBI to the Joint Venture Entity. The proposed transactions have not yet completed as at the date of this report. Details of the transactions are set out in the announcement of the Company dated 13 January 2016.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiaries	Place/country of incorporation/ operation	Particulars of issued capital	Percentage of issued capital held by the Company 2015	2014	Proportion of voting power held by the Company Directly	Indirectly	Principal activities
Century 21 (HK) Group Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	–	100%	Investment holding
Century 21 Property Agency Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	–	100%	Provision of property agency and related services in Hong Kong
Century 21 Surveyors Limited	Hong Kong	100 ordinary shares of HK$1 each	**100%**	100%	–	100%	Provision of property project consulting, property agency and related services
Guangdong Kingstar Strategic Consultants Limited#	PRC	RMB10,000,000 registered capital	**100%**	100%	–	100%	Provision of property project consulting, property agency and related services in the PRC
Guangdong Sinofocus#	PRC	RMB50,000,000 registered capital	**100%**	100%	–	100%	Film rights investment and advertising agency services
Kingbox	BVI / Hong Kong	48,137 ordinary shares of US$1 each	**100%**	100%	100%	–	Investment holding
Kingswick Strategy Limited	Hong Kong	10 ordinary shares of HK$1 each	**100%**	100%	–	100%	Provision of property agency and related services
Smart Arrow Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	–	100%	Provision of property agency and related services
Sinofocus Media	BVI / Hong Kong	1 ordinary share of US$1	**100%**	100%	100%	–	Investment holding and management
Huanxi Entertainment (HK) Limited (formerly known as Sinofocus Media Limited)	Hong Kong	10,000 ordinary shares of HK$1 each	**100%**	100%	–	100%	Investment holding and advertising agency services
Wiz Investments Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	–	100%	Securities trading and investments
Wiz Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	100%	–	Provision of management services to the Group and securities trading and investments

The English names of the PRC companies are translation of their respective Chinese names for information only and are not their official names.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

The above table lists the subsidiaries of the Company as at 31 December 2015 and 2014 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the Company's subsidiaries had issued any debt securities at the end of both years.

At the end of the reporting period, the Company had other subsidiaries that were not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

			Number of subsidiaries	
Principal activities	**Place of incorporation**	**Place of business**	**2015**	2014
Investment holding	BVI	Hong Kong	**9**	8
	Hong Kong	Hong Kong	**5**	5
Inactive	Hong Kong	Hong Kong	**5**	4
	PRC	PRC	**1**	3
	BVI	Hong Kong	**2**	–
			22	20

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is as follows:

	For the year ended 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Continuing operations					
Revenue	86,737	112,711	98,763	203,803	**266,913**
(Loss) profit before tax	(192,742)	(64,462)	27,762	(12,796)	**(84,166)**
Income tax credit (expense)	4,141	8,801	8,552	(348)	**(8,630)**
(Loss) profit for the year from continuing operations	(188,601)	(55,661)	36,314	(13,144)	**(92,796)**
Discontinued operations					
Loss for the year from discontinued operations	(5,602)	(1,398)	(1,120)	–	**–**
(Loss) profit for the year	(194,203)	(57,059)	35,194	(13,144)	**(92,796)**
(Loss) profit for the year attributable to:					
Owners of the Company	(189,511)	(56,500)	35,642	(13,144)	**(92,796)**
Non-controlling interests	(4,692)	(559)	(448)	–	**–**
	(194,203)	(57,059)	35,194	(13,144)	**(92,796)**

	At 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	369,203	301,521	265,529	472,981	**1,055,285**
Total liabilities	(157,759)	(147,038)	(57,846)	(136,871)	**(65,169)**
Total equity	211,444	154,483	207,683	336,110	**990,116**
Attributable to:					
Owners of the Company	216,136	159,734	207,683	336,110	**990,116**
Non-controlling interests	(4,692)	(5,251)	–	–	**–**
	211,444	154,483	207,683	336,110	**990,116**