Cheung Wo International Holdings Limited
長和國際實業集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00009

Annual Report

2015

Contents

Corporate Information

Board of Directors

Executive Directors:

Mr. Hui Wai Lee, Willy *(Chairman)*
Mr. Xiang Junjie *(Chief Executive Officer)*
Mr. Tai Yat Chung
Mr. Li Wenjun
Mr. Zhong Yingchang
Mr. Ji Jianguo

Independent Non-executive Directors:

Mr. Tsui Pui Hung
Mr. Tang Ping Sum
Mr. Chiu Sin Nang, Kenny

Company Secretary

Mr. Chan Chun Fat

Solicitors

Fairbairn Catley Low & Kong
23/F Shui On Centre
6-8 Harbour Road
Hong Kong

Auditor

RSM Hong Kong
Certified Public Accountants
29/F, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Principal Bankers

Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited
Dongguan Rural Commercial Bank Company Limited

Audit Committee

Mr. Tang Ping Sum *(Chairman)*
Mr. Tsui Pui Hung
Mr. Chiu Sin Nang, Kenny

Remuneration Committee

Mr. Chiu Sin Nang, Kenny *(Chairman)*
Mr. Tang Ping Sum
Mr. Tsui Pui Hung

Nomination Committee

Mr. Tsui Pui Hung *(Chairman)*
Mr. Tang Ping Sum
Mr. Chiu Sin Nang, Kenny

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong

Room 4101, 41/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Cheung Wo International Holdings Limited ("Cheung Wo International" or the "Company"), I am pleased to present you the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 ("FY2015" or the "Year under Review").

Amidst the uncertain macroeconomic environment in 2015, global growth recovered at a weaker-than-envisioned pace with a slowing economy growth in China year by year. China recorded the ever lowest GDP growth of 6.9% in the last 25 years, according to the National Bureau of Statistics of the PRC. Enterprises encountered greater challenge in business operation under such a complex environment. Against the backdrop of slowdown in the global economy, the Group adopted proactive measures to overcome the difficulties, maintaining stable performance of its businesses.

Latest Development

During the reporting period, changes in management members added new momentum to the Group's business development in future. The new management has vigorously adopted and implemented strategies to diversify the Group's business portfolio: apart from the effort to reinforce the development of existing property and hotel business, Cheung Wo International also further extended its reach to new areas, including environmental thermal related projects and other businesses. We expect the diversification strategies would extend the Company's revenue base and enable the Company to better manage the potential risks arising from macro changes of China's economy.

To cope with our transformation to develop a more comprehensive business portfolio, and establish a clearer corporate image and positioning, the Group proposed to change the Company name from "Cheung Wo International Holdings Limited" to "Nine Express Limited". "Nine" is the Company's stock code at the Hong Kong Stock Exchange, which is the largest digit implying the greatest amongst the Earth and Heaven in ancient Chinese culture; whilst "Express" in Chinese means forging ahead step by step, and prevailing over all difficulties throughout the way, which indicates the Group's commitment to transform for better results. The change of Company name was duly approved at the special general meeting held on 18 March 2016, echoing to the Group's business development in future. The Company is in the progress of obtaining approval from the Registrar of Company of Bermuda and the new name can be used after the completion of necessary filing procedures with the Hong Kong Companies Registry. As the procedures are under processing, further announcement will be made by the Company in relation to the effective date of the change of Company name in due course.

Chairman's Statement

Diversified Business Portfolio

The Group intends to engage in new environmental energy technology business, particularly the supply of heat and steam, and related technologies and products. In face of various environmental issues such as global warming and smog alert, the Chinese central and local governments have launched a series of sustainable development policies, in order to reinforce overall air pollution control on industrial sector by phasing out low-energy-efficient coal-fired boilers, and advocating the implementation of CHP district heating.

▲ Steam transmission pipelines in a power plant in Dongguan City

In view of this, the Group came to grips with policy inclination on energy and seized on the huge market demand on heat and steam supply in Dongguan City, which is the major manufacturing hub of Guangdong Province. The Company entered into a sale and purchase agreement to acquire certain equity interests in two projects regarding construction of steam transmission pipelines in Dongguan at a consideration of HK$882,000,000 on 16 November 2015, distributing steam and heat produced by a power plant to industrial customers in Humen Town and Changan Town respectively, which heralded the Group's undertaking the district heating business. The transaction was duly approved at the special meeting held on 21 March 2016. With the completion of all acquisition procedures, the Group will own the first district heating project by CHP in Dongguan, which is expected to bring recurrent income to the Group. With increasing governmental concerns upon issues such as environmental protection and sustainable development, the scale of district heating supply market is expected to further expand in future.

The Group commenced our property development business in China since November 2010, among which, the property situated at Jinniu District, Chengdu City, Sichuan Province (the "Chengdu Project") is operated as a shopping mall, which provides the Group with recurrent and stable rental income through long-term lease. The residential and hotel project located at Jiuhua Economic Development Zone, Xiangtan City, Hunan Province (the "Xiangtan Project") is currently under Phase I construction, and a part of the villa units are being rolled out for pre-sale in mid-2016. In order to promote its sustainability, the Xiangtan Project will introduce various amenities to improve overall facility level of the community, creating greater project value. Meanwhile, the Group will watch closely other opportunities for property development, with a higer focus on tourism-related and commercial properties. The Group will proactively diversify its project portfolio in response to the current property market in China.

Chairman's Statement

In addition, the Group will continue to explore suitable sectors, for instance, finance-related industry, for investment or business development in a prudent manner, so as to stimulate the growth of the Group, and enable the Group to maximise its return and improve its competitiveness in the course of global economic cyclical adjustments.

In relation to film production, the Group has produced a great deal of blockbusters films in the past, yet the management believes that to align with the Group's development blueprint, there is room for betterment, or even restructure, on its resources allocation to the filming business. As disclosed in the announcement dated 16 December 2015, the Company had been approached by a potential investor with interest in acquiring our filming business. The Company is now examining economic and operational feasibilities of different scenarios and further announcement will be made at proper time.

Outlook

Business transformation is never an easy task to complete overnight, and constant adjustments and amendments are expected to be made by the Group in view of the external factors or development progress. However, the determination of the management to make changes is at no doubt. The Group will try its utmost to promote a diversified business portfolio, with an aim to maximize the return for its shareholders. By building its unique competitive edge and business ecosystem, it is expected to yield significant growth and profits in a couple of years.

In the coming years, the Group will turn to a promising brand-new stage. We will work together with different business partners to make a success.

Acknowledgement

On behalf of the Board, I would like to extend our sincere gratitude to all management and staff members for their diligence, dedication and contribution as well as the unceasing support from our business partners, banks, and the Group's shareholders. In the years to come, we will continue to strive for business growth and seize opportunities in order to bring the largest returns for our shareholders.

Hui Wai Lee, Willy
Chairman

Hong Kong, 29 March 2016

Management Discussion and Analysis

In 2015 the world economy was rife with uncertainty. Global economic growth was at a slow mode at merely 2.4% whilst China's experienced its slowest pace in 6 years at 6.9% during the Year under Review.

With major parts of operations in China, 2015 was a year full of challenges to the Group and the management considers it high time to reform and transform its current business. For the year ended 31 December 2015, the Group principally engaged in property development and investments in the PRC whilst maintaining its film production and related business.

Financial Highlights

During the Year under Review, the Group recorded a turnover of approximately HK$24,422,000 (2014: HK$27,127,000), accounting for a decrease of approximately 10.0%, mainly due to the downsize of film distribution and licensing, and film processing business. Property rental income accounted for approximately HK$20,112,000 (2014: HK$21,349,000), while film distribution and licensing, and film processing accounted for approximately 17.6% (2014: 21.3%) of total turnover, reaching approximately HK$2,374,000 (2014: HK$2,257,000) and HK$1,936,000 (2014: HK$3,521,000) respectively. Loss before income tax came to approximately HK$708,579,000 (2014: HK$172,390,000). Loss attributable to the owners of the Group totalled approximately HK$643,538,000 (2014: HK$178,032,000), primarily due to the fair value loss on an investment property and impairment loss of assets in the hotel development operation of approximately HK$48,780,000 and HK$604,173,000 respectively.

The significant impairment loss of assets recognised in the property and hotel development business during the reporting period were triggered by various reasons. The deterioration of the hotel room rate and occupancy rate in Changsha city and Hunan Province, together with the enduring sluggish luxury hotel operation in PRC, affects the future cash flows to the hotel operation. The delay of the commencement of the hotel operation had also affected the future cash inflows during the management forecast period. Also, the increase in cost of borrowings to the Company leads to the increase in the applicable cost of capital in the management forecast, which affects the future cash flows from the sales of residential property and hotel operation. Besides, the slow-down of the PRC economy and pile up of property inventory of the property developers in the second and third-tier cities affects the property prices. In light of the changes in management's expectation towards the current trend in the selling price of the residential properties, and the guest room rates and occupancy rate of the hotel, the management decided to make certain downward adjustments to the aforesaid parameters in relation to the valuation that made up the recoverable amount of the CGU assets, which resulted in the recognition of the impairment loss of assets in the property and hotel development business.

Management Discussion and Analysis

For the year ended 31 December 2015, the Company made no changes to the valuation technique, applied value-in use method in conformity with the requirement under HKAS36 to determine the recoverable amount of the CGU assets (2014: same), except that the management considered the independency of income streams from the sales of residential property and hotel operation, concluding that the property and hotel development business shall be divided into two separate Cash Generating Units ("CGUs") for the impairment assessment.

For property sale business, the key assumptions adopted are: i) selling price per square meter (sq. m.) of the residential units ranging from RMB5,000 to RMB13,500 (2014: RMB6,500 to RMB15,000); ii) pre-tax discount rate 14.3% (2014:14.0%).

For hotel operation business, the key assumptions adopted are: i) most guest room rates ranging from RMB540 to RMB990 (2014:RMB600 to RMB1,100); ii) occupancy rate ranging from 50% to 75% (2014:50%-80%); iii) long term growth rate is 3% (2014: 3%); iv) pre-tax discount rate is 14.3% (2014:14.0%).

Basic loss per share was HK$42.34 cents (2014: HK$13.34 cents). The Board does not recommend a dividend payout for the Year under Review (2014: Nil). As at 31 December 2015, cash on hand was approximately HK$57,175,000 (2014: HK$61,696,000).

During the Year under Review, apart from its existing business operations, including property development and investment business in the PRC, the Group has also been acquiring an energy saving environmental protection business related to combined heat and power system ("CHP"). This was an important initiative for the Group in its efforts towards participating in the environmental energy sector.

Management Discussion and Analysis

Major Acquisition

On 16 November 2015, the Company entered into a formal sale and purchase agreement for the proposed acquisition of 49% of the entire issued share capital of Ever-Grand Development Limited ("Target Company") at a consideration of HK$882,000,000, in which HK$60,000,000 was paid in cash and HK$822,000,000 was settled through the issue of convertible notes (the "Acquisition").

Target Company holds an 80% equity interest in two project companies in Humen Town and Changan Town in Dongguan City respectively (the "Project Companies"), which engage in projects involving the construction of steam transmission pipelines and distribution of steam and heat produced by a power plant in Dongguan City, which is then delivered to industrial customers in various areas of Humen Town and Changan Town, respectively.

A special general meeting related to the Acquisition was held on 21 March 2016 and all resolutions proposed were duly passed by way of poll voting.

Reasons for and Benefits of the Acquisition

The Group has been striving for business growth while seeking prudent opportunities to secure the largest returns for our shareholders. Moreover, environmental protection is one of the business sectors which is highly encouraged by the PRC government.

In recent years, the global issues of climate change and global warming have becoming more pressing with the shifting of seasons, the increase in mean temperatures and rising sea levels, all of which are all adversely influencing everyday life for humans. The issues of climate change, energy safety and environmental protection have sparked wide concern from the international community. The Chinese government is committed to solving the air pollution problem in the country, and therefore has introduced incentives to promote the green energy industry.

As the world's largest energy consumer, China has implemented a host of policies and measures to promote improvements in energy efficiency and emissions reduction to help ease environmental problems. According to《關於推進我省工業園區和產業集聚區集中供熱的意見》(the "Opinions Relating to Promoting a Centralized Heat Supply for Industrial Parks and Zones in Guangdong Province") published by the National Development and Reform Commission of the Guangdong Provincial government in December 2014, the Guangdong Provincial government has been promoting the development of a centralised heat supply for industrial parks and zones over the past few years. In addition, the《2014-2015年節能減排低碳發展行動方案的通知》("2014-2015 Action Plan on Energy Conservation, Emissions Reduction and Low-Carbon Development"), issued by the State Council, noted that the old system of scattered coal-fired boilers should be progressively phased out concurrent with the development of a centralised heat supply. To this end, this will create great developmental potential for a centralised heat supply in Dongguan City, which is the major manufacturing hub in Guangdong Province, and a place with great demand for industrial steam and heat supply.

Management Discussion and Analysis

The Project Companies had been granted operation licenses to engage in energy saving environmental protection projects through the distribution of steam and heat produced by a power plant in Dongguan City. The Board believes that the Project Companies will benefit from the aforementioned government policy as it relates to Guangdong Province. The Board firmly believes, therefore, that the Acquisition will allow the Company to make a major step into the industry and result in promising growth for the future.

Business Review

During the Year under Review, the Group focused on property and hotel development in Xiangtan, Hunan Province, China (the "Xiangtan Project"), property rental in Chengdu, Sichuan Province China (the "Chengdu Project"), as well as film production and related business.

(i) Xiangtan Project

The Xiangtan Project is located in the Jiuhua Economic Zone of Xiangtan, Hunan, alongside with the Xiangjiang River (湘江). With the completed and operation of "Jiuhua Avenue" (九華大道), the Xiangtan Project is now connecting Changsha and Xiangtan City unimpededly, together with the Xiangtan North Express Railway Station (湘潭北站) within 15-minute drive, the project is accessible to other parts of the country via the Hu Kung Express Rail (滬昆高鐵). Construction of the other main road – Binjiang Road (濱江路) is underway and Xiangtan section has already completed. Upon completion of the highway, the commutation time between the centres of Changsha and Xiangtan is expected to reduce by half.

The Xiangtan Project, with a planned land area of 325,989 sq. m. acquired, is planned to develop a five-star hotel and low density residential units.

With a total planned gross floor area ("GFA") covering approximately 78,000 sq. m., this five-star hotel has the capacity to accommodate 392 rooms and will offer guests a distinctive river view with comprehensive recreational facilities. Construction work of the hotel has been completed while the décor work will commence soon.

Construction of phase one low density villas of planned GFA approximately 42,500 sq. m. has been underway and pre-sale licenses for 29 detached houses and townhouses were obtained in May 2015, which covers GFA of 24,708 sq. m. in total. The official pre-sale launch is planned to roll out in mid-2016 and parts of the properties are expected to be delivered by 2016.

In an attempt to reinforce the sustainability of its projects and enrich its portfolio, the Group is planning to introduce complementary facilities or services befitting the Xiangtan Project. The Group will also watch closely for other opportunities for property development, with a higher focus on tourism-related as well as commercial properties.

Management Discussion and Analysis

(ii) Chengdu Project

The Chengdu Project is a five-storey shopping centre located in Jinniu District, Chengdu, PRC, which is currently a rental property almost fully occupied, providing sustainable and steady income while preserving management costs for maintenance of the investment property in the coming years. The Group will continue to explore potential high quality properties to invest in and expand its rental business in the future.

For the year ended 31 December 2015, revenue from property rental recorded HK$20,112,000, slightly dropped by 5.8% compared with the last year (2014: HK$21,349,000).

(iii) Film Production, Distribution and Processing

For the year ended 31 December 2015, revenue from film distribution and licensing remained stable, at approximately at HK$2,374,000 (2014: HK$2,257,000), while that from film processing recorded a decline of 45.0%, to approximately HK$1,936,000 (2014: HK$3,521,000), which was mainly attributable to the loss of a major customer; however, we have strived to broaden the customer base and it is expected business performance will improve.

With respect to film-related operations in future, the Company is considering different scenarios, including restructuring and disposal, with a view to providing the greatest overall benefits to the Company as well as shareholders.

Financing Activities

On 27 January 2015, the Group completed the issue of the 2015 Notes worth the principal amount of US$20,000,000 (equivalent to approximately HK$155,182,000). The subscriber was a subsidiary of the InfraRed NF China Real Estate Fund II (A), L.P., a fund sponsored by InfraRed Capital Partners and the Nan Fung Group. The net proceeds had been used up entirely for intended use and for the Group's residential property and hotel development projects in Mainland China.

On 5 February 2015, a Company's subsidiary renewed an entrusted loan agreement with a PRC bank, extending it a period of 18 months for a RMB250,000,000 term loan which is interest bearing at the market rate. Under the loan agreement, the borrowing was secured by the land situated in Xiangtan, Hunan (acquired by the Group in 2013 for a residential development project) and guaranteed by the Company's controlling shareholders, Mr. Cheng Keung Fai ("Mr. Cheng") and his related parties.

On 13 July 2015, the Company issued a total of 265,000,000 warrants at the issue price of HK$0.057 per warrant. The gross proceeds and net proceeds from the issue were approximately HK$15,100,000 and HK$13,376,000, respectively. The net proceeds had been used for payment of interest due under the 2015 Notes for the amount of US$20,000,000 issued by the Company on 27 January 2015.

Management Discussion and Analysis

On 25 November 2015, the Company completed a share placement by issuing 175,500,000 ordinary shares of HK$0.01 each at a placing price of HK$1.14 per placing share. The net proceeds had been used as intended, (i) to repay interest expenses for the US$20,000,000 guaranteed secured notes due 2018; (ii) to pay the ticking fee for the guaranteed secured convertible notes due 2017 which was terminated on 15 February 2016 as certain conditions precedent as set out in the subscription agreement were not met; (iii) to invest HK$110,000,000 in an investment fund with a portfolio of diversified businesses; and (iv) to use the remaining proceeds as general working capital.

Prospects

The year of 2016 would definitely be a year of challenge with the further slowing pace of economic growth forecast both in the World and China's economy; however, the Company also sees opportunity in it. Looking forward, the Group will continue to strategically focus on its core operations, and prudently explore new opportunities to strengthen its current portfolio and extend to other business areas, in an attempt to maintain its competitive edge under current macro-environment.

With this new positioning and implementation of key corporate strategies, the Group intends to further develop three main business areas: (i) environmental energy saving technology; (ii) property and hotel development; and (iii) other viable business operations. The investment in these industries will help diversify the Group's business portfolio and broaden its income base in the best interests of the Company and shareholders.

Armed with our new positioning of development strategies to better reflect our strategic business plans and the direction of future development, the Group intends to change the company's name to – "Nine Express Limited". The Board considers that the new name better aligns with the long-term business strategy of the Group to develop a more diversified operational portfolio, and can help bolster the Company's corporate image and identity and at the same time for greater future development.

Dividend

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

Management Discussion and Analysis

Liquidity and financial resources

Net current assets was HK$735,989,000 (2014: HK$815,408,000) and current assets was HK$1,201,569,000 (2014: HK$1,532,980,000). Current liabilities were HK$465,580,000 (2014: HK$717,572,000), representing a current ratio based on current assets over current liabilities of 2.58 (2014: 2.14). At 31 December 2015, the Group had cash and bank balances of HK$57,175,000 (2014: HK$61,696,000).

Borrowing and banking facilities

As at 31 December 2015, the Group had outstanding borrowings from banks and others were HK$685,782,000 (2014: HK$602,316,000).

Hedging

As at 31 December 2015, no financial instruments were used for hedging (2014: Nil).

Charges on group assets

As at 31 December 2015, the Group's bank borrowings of HK$236,323,000 (2014: HK$286,927,000) were secured by the Group's land use right with a net carrying amount of HK$92,435,000 (2014: HK$304,875,000) and the Group's bank borrowings of HK$295,404,000 (2014: HK$311,876,000) were secured by the Group's property development in progress with a net carrying amount of HK$469,374,000 (2014: HK$495,548,000). The Group's current bank borrowings of HK$839,000 (2014: HK$1,043,000) were secured by the leasehold land and buildings, with a net carrying amount of HK$699,000 (2014: HK$727,000) and obligations under finance leases of HK$1,018,000 (2014: HK$2,470,000) were secured by a motor vehicle with a net carrying amount of HK$1,330,000 (2014: HK$3,247,000). The Group's bank borrowing of HK$118,000 (2014: Nil) was secured by the Group's bank deposits of HK$142,000 (2014: Nil). The Group's other borrowing of HK$152,080,000 (2014: Nil) was secured by the share charges of certain subsidiaries of the Group, inter-companies loans and a personal guarantee executed by Mr. Cheng, a controlling shareholder of the Company. The gearing ratio based on interest-bearing bank and other borrowings and obligations under finance leases over total equity as at 31 December 2015 was 0.708 (31 December 2014: 0.414).

Contingent liabilities

Save for those disclosed in note 41, the Group had no material contingent liabilities or arbitration.

Management Discussion and Analysis

Employees and remuneration policies

Staff costs for the year ended 31 December 2015 were HK$16,603,000 (2014: HK$13,592,000), representing a rise of 22.2%, mainly due to hiring of experienced management staff to accommodate for our new diversified businesses. The Group employed a workforce of 80 staff members (2014: 79 staff members) as at the end of 2015, among which 16 were in the film processing department. Salaries of employees were maintained at competitive levels while bonuses were granted on a discretionary basis.

Exposure of foreign exchange

The Group's asset and liabilities are mainly denominated in Hong Kong dollars, US dollars and Renminbi (RMB). During 2015, the exchange rates of RMB against the US dollar and the Hong Kong dollar decreased and the Board expects that any fluctuation of RMB's exchange rate will not have a material adverse effect on the operation of the Group. The Group will closely monitor the market and make appropriate adjustment and measures when necessary.

Capital expenditures

For the year ended 31 December 2015, the Group's capital expenditure was HK$52,006,000 (2014: HK$108,615,000).

Purchase, redemption or sale of listed securities of the Company

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

Corporate Governance Report

Corporate governance practices

The Company has, throughout the Year under Review, complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), save as disclosed below. This report describes the Company's corporate governance practices and explains their applications.

Directors' securities transactions

The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules was adopted by the Company. Specific enquiry of all Directors who were in office during the Year under Review was made and they have confirmed compliance with the Model Code during the financial year.

Board of directors

(I) Composition of the Board

The Board currently comprises 9 Directors, with 6 executive Directors and 3 independent non-executive Directors whose biographical details are set out in "Biographical Details of Directors" on pages 35 to 37. The Directors for the year and up to the date of this report were as follows:

Executive Directors
Mr. Hui Wai Lee, Willy *(Chairman)*
Mr. Xiang Junjie *(Chief Executive Officer) (appointed on 31 March 2016)*
Mr. Tai Yat Chung *(appointed on 15 September 2015)*
Mr. Li Wenjun *(appointed on 16 October 2015)*
Mr. Zhong Yingchang *(appointed on 16 October 2015)*
Mr. Ji Jianguo *(appointed on 31 March 2016)*
Mr. Jin Lei *(resigned on 21 September 2015)*
Ms. Law Kee, Alice *(resigned on 31 March 2016)*

Independent Non-executive Directors
Mr. Tsui Pui Hung
Mr. Tang Ping Sum
Mr. Chiu Sin Nang, Kenny *(appointed on 23 June 2015)*
Mr. Chu To, Jonathan *(resigned on 23 June 2015)*

The Board comprised of experienced and high competence individuals and a balanced composition of executive and non-executive Directors.

Corporate Governance Report

Each Director has been appointed on the strength of his/her calibre, experience and stature, and his/her potential contribution to the growth and development of the Group and its businesses. The Directors had no financial, business, family or other material/relevant relationship with each other during the Year under Review.

(II) Operation of the Board

The Company is headed by the Board which takes decisions objectively in the interests of the Company. To provide effective supervision of and proper guidance to the management, the Board is required to consider and approve decisions in relation to the Group's long-term strategy, annual business plan and financial budget, major acquisition and disposal, dividend policy, appointment of Directors, remuneration policy, risk management and internal control. Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions and telephone conference.

A clear division of responsibilities is evident between the Board and the management. Decisions on important matters, such as the Group's strategic policies, major investment, funding decisions and major commitments relating to the Group's operations, are specifically reserved to the Board while decisions on the Group's general day-to-day operations are delegated to the management.

(III) Directors' training and continuous professional development

Newly appointed Directors have received briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. The Directors are kept informed of the Group's affairs and development in a timely manner so as to enable them to make an informed decision and to discharge their duties and responsibilities as Directors effectively.

The Company continuously provides updates and presentations to Directors on the latest developments relating to the Group's business and the legislative regulatory requirements to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group.

Corporate Governance Report

During the year, the Directors have also participated the following:

Directors	Types of Training
Mr. Hui Wai Lee, Willy	B
Ms. Law Kee, Alice *(resigned on 31 March 2016)*	A, B
Mr. Tai Yat Chung *(appointed on 15 September 2015)*	A, B
Mr. Li Wenjun *(appointed on 16 October 2015)*	B
Mr. Zhong Yingchang *(appointed on 16 October 2015)*	B
Mr. Jin Lei *(resigned on 21 September 2015)*	B
Mr. Xiang Junjie *(appointed on 31 March 2016)*	N/A
Mr. Ji Jianguo *(appointed on 31 March 2016)*	N/A
Mr. Tsui Pui Hung	A, B
Mr. Tang Ping Sum	A, B
Mr. Chiu Sin Nang, Kenny *(appointed on 23 June 2015)*	A, B
Mr. Chu To, Jonathan *(resigned on 23 June 2015)*	A, B

A attending seminar(s) and/or conference(s) on regulations and updates

B reading materials relating to business and operations of the Company, and legal and regulatory updates.

Chairman and chief executive officer

In order to have a clear division between the management of the Board and the day-to-day management of the business operation of the Group, the role of the chairman is separate from that of the chief executive officer. The chairman, Mr. Hui Wai Lee, Willy, focuses on the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board. The chief executive officer, Mr. Xiang Junjie, is responsible for all day-to-day corporate management matters as well as assisting the chairman in planning and developing the Group's strategies. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority.

Non-executive directors

All non-executive Directors are appointed for a specific term of one year from the dates of their appointments which will be renewed automatically unless terminated early by either party with at least one month prior written notice. However, they are appointed subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the provisions of the bye-laws of the Company (the "Bye-laws").

Corporate Governance Report

Remuneration committee

The remuneration committee (the "Remuneration Committee") consists of 3 independent non-executive Directors and Mr. Chiu Sin Nang, Kenny is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year. 6 meetings were held during FY2015, during which the remuneration policy in remunerating the Directors and senior management of the Group was reviewed. None of the Directors participated in the determination of his/her own remuneration. Attendance of the members of the Remuneration Committee is set out in "Attendance Records at Meetings" on page 19.

According to the terms of reference of the Remuneration Committee, its major roles and functions, inter alias, include making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for establishing remuneration policy as well as reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The emolument payable to Directors depends on their respective terms under the service contracts (if any), and as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 10 to the financial statements.

Nomination committee

The Company has set up a nomination committee (the "Nomination Committee") since 20 March 2012 in compliance with the Code. The Nomination Committee consists of 3 independent non-executive Directors appointed by the Board and Mr. Tsui Pui Hung is the chairman of the Nomination Committee.

The Nomination Committee shall meet at least once a year. 3 meetings were held during FY2015. Attendance of the members of the Nomination Committee is set out in "Attendance Records at Meetings" on page 19.

The major duties and functions of the Nomination Committee, inter alias, include reviewing the structure, size and composition of the Board at least annually and make recommendations to the Board on the nomination and appointment of Directors and the succession planning of the Directors.

The Board has adopted a "Board Diversity Policy" in relation to the nomination and appointment of new directors, which sets out: the selection of board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industrial experience and professional experience.

Corporate Governance Report

The above measurements were also reviewed and adopted when the Nomination Committee reviewed the composition of the Board. After assessing the suitability of the directors' skills and experience to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

The terms of reference of the Nomination Committee (as revised on 30 August 2013) are available on the websites of the Stock Exchange and the Company.

Audit committee

The Company has set up an audit committee (the "Audit Committee") consisting of 3 independent non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. Mr. Tang Ping Sum is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditors of the Company. 3 Audit Committee meetings were held during FY2015. Attendance of the members is set out in "Attendance Records at Meetings" on page 19.

According to the existing terms of reference of the Audit Committee, its major roles and functions, inter alias, are to review the half-year and annual financial statements before submission to the Board and to review the Company's statement on internal control system. The terms of reference of the Audit Committee (as revised on 1 January 2016) are available on the websites of the Stock Exchange and the Company.

Corporate Governance Report

Attendance records at meetings

The attendance records of each Director at the various meetings of the Company during FY2015 are set out as follows:

	Attended					
	Annual general meeting	Special general meetings	Board meetings	Remuneration committee meetings	Nomination committee meetings	Audit committee meetings
Number of meetings	1	2	31	6	3	3
Executive Directors						
Mr. Hui Wai Lee, Willy	1/1	2/2	31/31	N/A	N/A	N/A
Ms. Law Kee, Alice *(resigned on 31 March 2016)*	1/1	2/2	31/31	N/A	N/A	N/A
Mr. Tat Yat Chung *(appointed on 15 September 2015)*	1/1	1/1	15/15	N/A	N/A	N/A
Mr. Li Wenjun *(appointed on 16 October 2015)*	N/A	N/A	13/13	N/A	N/A	N/A
Mr. Zhong Yingchang *(appointed on 16 October 2015)*	N/A	N/A	13/13	N/A	N/A	N/A
Mr. Jin Lei *(resigned on 21 September 2015)*	N/A	2/2	17/17	N/A	N/A	N/A
Mr. Xiang Junjie *(appointed on 31 March 2016)*	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Ji Jianguo *(appointed on 31 March 2016)*	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-Executive Directors						
Mr. Tang Ping Sum	1/1	2/2	31/31	6/6	3/3	3/3
Mr. Tsui Pui Hung	1/1	2/2	31/31	6/6	3/3	3/3
Mr. Chiu Sin Nang, Kenny *(appointed on 23 June 2015)*	N/A	2/2	24/24	4/4	3/3	2/2
Mr. Chu To, Jonathan *(resigned on 23 June 2015)*	1/1	N/A	7/7	2/2	N/A	1/1

Auditors' remuneration

The fee in relation to the audit services for the FY2015 provided by RSM Hong Kong, the external auditor of the Company, amounted to HK$1,430,000.

Internal control

The Directors are ultimately responsible for the internal control system of the Group and, through the Audit Committee, have reviewed the effectiveness of the system. The internal control system comprises a well-defined organisational structure with specified limits of authority in place. Areas of responsibility of different business and operational units are clearly defined to ensure effective checks and balances.

Corporate Governance Report

Various procedures have been designed for safeguarding assets against unauthorised use or disposition, maintenance of proper accounting records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. Such procedures are designed to manage risks of operational systems failure and to provide reasonable assurance against material errors, losses or fraud.

For FY2015, a review of the effectiveness of the Group's internal control system and procedures covering the relevant controls, including financial, operational and compliance and risk management, was conducted by the Audit Committee and subsequently reported to the Board. Based on the result of the review, the Directors considered that the Group's internal control system and procedures were effective and satisfactory.

Directors' responsibilities for the financial statements

The Directors understand and acknowledge their responsibility for overseeing the preparation of financial statements for FY2015, which give a true and fair view of the affairs, profitability and cash flow of the Group in compliance with the requirements of the Companies Ordinance (the "Companies Ordinance") (Chapter 622 of the Laws of Hong Kong) and the applicable disclosure provisions of the Listing Rules.

In preparing the financial statements for FY2015:

(i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;

(ii) prudent and reasonable judgments and estimates are made; and

(iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable.

Company secretary

Under the code provision F.1.1 of the Code, the Company engages Mr. Chan Chun Fat as its company secretary. Mr. Chan is a practicing solicitor and in performing his duties as the company secretary of the Company, he reports to the Board and maintains contacts with the chief executive officer of the Company.

Communication with shareholders

The Company recognises the importance in engaging in regular, effective and fair communication with its shareholders and is committed to conveying important and relevant information to the Shareholders on a timely basis.

Corporate Governance Report

The Company strives to ensure that information is made publicly available in a prompt and timely disseminated manner. Disclosure of information is made through announcements on the Stock Exchange, the Company's annual and interim reports, press releases, as well as the Company website (http://www.cheung-wo.com).

Shareholders' rights

(i) Convening a special general meeting by Shareholders

Pursuant to Bye-law 58, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Companies Act of Bermuda.

(ii) Putting forward proposals at general meetings

A Shareholder shall make a written requisition to the Board or the company secretary of the Company at the head office address of the Company, specifying his/her/its shareholding information, his/her/its contact details and the proposal he/she/it intends to put forward at the general meeting regarding any specified transaction/business with supporting documents.

(iii) Putting forward enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's head office in Hong Kong at Room 4101, 41/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

Report of the Directors

The Directors have pleasure in presenting to the Shareholders the Company's annual report together with the audited financial statements for FY2015.

Change of company name

Pursuant to a special resolution passed on 18 March 2016, the name of the Company will be changed from Cheung Wo International Holdings Limited to Nine Express Limited. The Chinese translation of the Company name for identification purposes will be changed from 長和國際實業集團有限公司 to 九號運通有限公司.

The Company is in the progress of obtaining approval from the Registrar of Company of Bermuda and the new name can be used after the completion of necessary filing procedures with the Hong Kong Companies Registry. As the procedures are under processing, further announcement will be made by the Company in relation to the effective date of the change of Company name in due course.

Principal activities and business review

The Company is an investment holding company. The Group is principally engaged in property rental and property and hotel development in the PRC as well as film production and related businesses.

Segment analysis of the Group for FY2015 is set out in Note 6 to the consolidated financial statements. A list of the Company's subsidiaries, together with their places and dates of incorporation, types of legal entity, principal activities and particulars of their issued shares/registered share capital, is set out in Note 18 to the consolidated financial statements.

A review of the business of the Group during the year and its future development, and an analysis of the Group's performance during the year using financial key performance indicators as required under Schedule 5 of the Companies Ordinance are set out in the "Chairman's Statement" on pages 3 to 5 and the "Management Discussion and Analysis" on pages 6 to 13 of this annual report which constitute part of this report of the Directors.

Key risk factors

There are strategic risks, operation risks, financial risks, legal risks and market risks in the development process of the Company, of which:

(1) Strategic risks are mainly attributable to the domestic and overseas macro-economies, overall trend of industrial structures and the scientific and sustainable standards of comparable strategies of the Company;

Report of the Directors

(2) Operation risks are mainly attributable to the supervision and control procedures of each business segments involved in the daily operation and management process of the Company; financial risks are mainly attributable to the supervision and control procedures of financial system including overall fund raising activities of the Company, investment management and revenue audit;

(3) Legal risks are mainly attributable to the domestic and overseas policies and the changing regulations and the internal contract management capability of the Company and related legal litigations;

(4) Market risks are mainly attributable to the business workflow including marketing management of the Company, market demand and supply and business partnership.

Results

The results of the Group for FY2015 are set out in the consolidated statement of profit or loss on page 40 of the financial statements.

The Directors do not recommend the payment of a dividend for the year.

Property, plant and equipment and investment property

Details of the movements in the property, plant and equipment and investment property of the Group during the year are set out in notes 14 and 16 to the financial statements, respectively.

Warrants and convertible bonds

Details of movements in the Company's warrants and convertible bonds during the year are set out in notes 34 and 31 to the financial statements, respectively.

Purchase, redemption or sale of listed securities of the Company

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

Charitable Contributions

During the year, the Company made charitable contributions amounted to HK$1,200,000 (2014: Nil).

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

Report of the Directors

Distributable reserves of the Company

As at 31 December 2015, the reserve of the Company available for distribution to the Shareholders amounted to Nil. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

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

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

Director and directors' service contracts

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

Executive Directors:
Mr. Hui Wai Lee, Willy *(Chairman)*
Mr. Xiang Junjie *(Chief Executive Officer) (appointed on 31 March 2016)*
Mr. Tai Yat Chung *(appointed on 15 September 2015)*
Mr. Li Wenjun *(appointed on 16 October 2015)*
Mr. Zhong Yingchang *(appointed on 16 October 2015)*
Mr. Ji Jianguo *(appointed on 31 March 2016)*
Mr. Jin Lei *(resigned on 21 September 2015)*
Ms. Law Kee, Alice *(resigned on 31 March 2016)*

Independent non-executive Directors:
Mr. Tsui Pui Hung
Mr. Tang Ping Sum
Mr. Chiu Sin Nang, Kenny *(appointed on 23 June 2015)*
Mr. Chu To, Jonathan *(resigned on 23 June 2015)*

In accordance with Bye-laws 86(2), Mr. Chiu Sin Nang, Kenny, Mr. Xiang Junjie, Mr. Tai Yat Chung, Mr. Li Wenjun, Mr. Zhong Yingchang and Mr. Ji Jianguo shall retire from office at the forthcoming annual general meeting; whereas in accordance with Bye-laws 87(1) and 87(2), Mr. Tang Ping Sum and Mr. Tsui Pui Hung shall retire from office by rotation at the forthcoming annual general meeting, and being eligible, offer themselves for re-election as executive/independent non-executive Directors (as the case may be).

Report of the Directors

The term of office of each of the independent non-executive Directors is for an initial term of one year and renewable automatically for successive terms of one year. Either the independent non-executive Director or the Company may terminate the appointment by giving to the other party at least one month's prior notice in writing. All of the independent non-executive Directors are subject to retirement by rotation in accordance with the Bye-laws.

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

Each of the executive Directors has entered into a service contract with the Company for an initial term of one year and all of which shall continue thereafter unless and until terminated by either party by giving to the other party not less than three months' prior written notice.

Executive Director	**Date of commencement of service contract**
Mr. Hui Wai Lee, Willy	6 April 2009
Mr. Xiang Junjie	31 March 2016
Mr. Tai Yat Chung	15 September 2015
Mr. Li Wenjun	16 October 2015
Mr. Zhong Yingchang	16 October 2015
Mr. Ji Jianguo	31 March 2016

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' and chief executive's interests in shares of the Company

As at 31 December 2015, none of the Directors and chief executive of the Company have any interests or short positions in the existing shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which are required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company or which are required pursuant to the Model Code contained in the Listing Rules to be notified to the Company and the Stock Exchange.

Report of the Directors

Share options

The Company adopted a share option scheme (the "Scheme") on 2 September 2013. The major terms of the Scheme are as follows:

1. The purpose of the Scheme is to attract and retain talented personnel for future development of the Group; to provide incentive to encourage Participants (as defined below) to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Group attained through their efforts and contributions.

2. The eligible grantees of the Scheme are (i) any employee or officer (whether full time or part time, and including any executive director) of any member of the Group; (ii) or any non-executive director (including independent non-executive director) of any member of the Group; (iii) any supplier of goods or services to any member of the Group; (iv) any customer of any member of the Group; (v) any holder of any securities or securities convertible into any securities issued by any member of the Group; (vi) any person or entity that provides advisory, consultancy or professional services to any member of the Group or any director or employee of any such entity; and (vii) any other group or classes of participants from time to time determined by the Directors as having contributed to the development and growth of the Group.

3. The subscription price determined by the Board will be at least the highest of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotations sheet on the date of grant; (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 Share.

4. The maximum number of shares which may be granted under the Scheme must not exceed 10% of the total number of Company's shares in issue as at the date of approval of the Scheme.

5. The total number of shares issued and to be issued upon exercise of the share options (the "Options") granted (including exercised, cancelled and outstanding Options) to each Participant, within the 12-month period immediately preceding the proposed date of grant, shall not exceed 1% of the total number of Company's share in issue. Any further grant shall be subject to the shareholders' approval of the Company with such Participant and his/her associates abstaining from voting.

6. The exercise period of the Options must be less than ten years from the date of grant.

7. The Scheme shall be valid and effective until 2 September 2023.

On 5 November 2013, the Company granted the Options to the directors and certain employees of the Company to subscribe for a total of 77,812,266 ordinary shares.

Report of the Directors

Details of the share option granted under the Scheme to certain directors of the Company to subscribe for the shares in the Company are as follows:

Name of Director	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options: Outstanding as at 1.1.2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31.12.2015	Approximate percentage to the issued share capital %
Mr. Jin Lei	5.11.2013	5.11.2013 to 4.11.2023	0.94	11,116,038	–	–	11,116,038	–	–
Ms. Law Kee, Alice	5.11.2013	5.11.2013 to 4.11.2023	0.94	11,116,038	–	–	–	11,116,038	0.66
				22,232,076	–	–	11,116,038	11,116,038	0.66

Details of the share options granted under the Scheme to certain employees of the Company to subscribe for shares in the Company are as follows:

Employees	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding as at 1.1.2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31.12.2015	Approximate percentage to the issued share capital
In aggregate	5.11.2013	5.11.2013 to 4.11.2023	0.94	55,580,190	–	–	–	55,580,190	3.30

As at 31 December 2015, the number of issued shares of the Company is 1,682,537,504.

The closing price of the Company's shares immediately before 5 November 2013, the date of grant of the options was HK$0.94.

The total number of Shares available for issue under the Scheme is 33,348,115 shares which represented approximately 1.98% of the issued share capital of the Company as at the date of this report.

Details of movements in the Company's share options during the year are set out in note 37 to the financial statements.

Report of the Directors

Equity-linked agreements

Other than the share option scheme of the Company as disclosed above and the warrants as disclosed in note 34 of the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company or subsisting during the year ended 31 December 2015.

Arrangement to purchase shares or debentures

At no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Substantial shareholders

As at 31 December 2015, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of Shares held/ Number of underlying Shares held under equity interest	Approximate percentage of the issued share capital of the Company
Cheng Ngok Fai *(Note 1)*	Interest of controlled corporation	1,027,500,000(L)	61.07%
Connected-World Group Limited *(Notes 1 and 3)*	Interest of controlled corporation	1,027,500,000(L)	61.07%
Li Ruiguang *(Note 2)*	Interest of controlled corporation	1,027,500,000(L)	61.07%
Eternal Galaxy Group Limited *(Notes 2 and 3)*	Interest of controlled corporation	1,027,500,000(L)	61.07%
Sky-Linked International Limited *(Note 3)*	Beneficial owner	1,027,500,000(L)	61.07%
Central Huijin Investment Limited *(Note 4)*	Interest of controlled corporation	1,024,582,341(L)	60.90%
China Contruction Bank Corporation *(Note 4)*	Interest of controlled corporation	1,024,582,341(L)	60.90%
Cheng Keung Fai *(Note 5)*	Interest of controlled corporation	938,309,250 (L) 149,809,676(S)	55.77%(L) 8.90%(S)
Full Dragon Group Limited *(Note 5)*	Beneficial owner	938,309,250 (L) 149,809,676(S)	55.77%(L) 8.90%(S)
China Taiping Insurance Holdings Co. Ltd. *(Note 6)*	Interest of controlled corporation	193,792,500(L)	11.52%(L)
Taiping Financial Holdings Co. Ltd. *(Note 6)*	Interest of controlled corporation	193,792,500(L)	11.52%(L)
Taiping Trustees Limited *(Note 6)*	Beneficial owner	193,792,500(L)	11.52%(L)
Yue Chak Ming *(Note 7)*	Beneficial owner	159,492,814(L)	9.48%(L)

Report of the Directors

Notes:

1. The entire issued share capital of Connected-World Group Limited is owned by Mr. Cheng Ngok Fai.

2. The entire issued share capital of Eternal Galaxy Group Limited is owned by Mr. Li Ruiguang.

3. The entire issued share capital of Sky-Linked International Limited is owned as to 60% by Connected-World Group Limited and 40% by Eternal Galaxy Group Limited. Sky-Linked International Limited was deemed to be interested in 1,027,500,000 Shares which fall to be allotted and issued by the Company following the exercise of the conversion rights attached to the Convertible Notes (assuming full conversion of the Conversion Notes).

4. Approximately 57.31% of the entire issued share capital of China Construction Bank Corporation is owned by Central Huijin Investment Limited. The interests in such Shares are held by Sea Venture Investments Limited which is an indirect wholly-owned subsidiary of China Construction Bank Corporation.

5. The entire issued share capital of Full Dragon Group Limited is owned by Mr. Cheng. Full Dragon Group Limited has granted (i) a security interest over 58.39% of the total issued share capital of the Company as at the date of the grant and (ii) a call option to acquire 149,809,676 Shares of the total issued share capital of the Company, to a subsidiary of Central Huijin Investment Limited, details of which were disclosed in the announcement of the Company dated 4 May 2015.

6. According to the forms of disclosure of interests dated 21 August 2015 and 24 August 2015, respectively, the entire issued share capital of Taiping Trustees Limited is owned by Taiping Financial Holdings Co. Ltd. which is a wholly-owned subsidiary of China Taiping Insurance Holdings Company Limited (stock code: 966), a company listed on the Stock Exchange.

7. According to the form of disclosure of interests dated 7 August 2015, Mr. Yue Chak Ming was interested in 159,492,814 Shares/underlying Shares in the capacity as the beneficial owner, 133,000,000 of which were underlying Shares.

8. The letter "L" denotes the person's long position in such Shares and the underlying Shares.

9. The letter "S" denotes the person's short position in such Shares.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 31 December 2015.

Report of the Directors

Directors' interest in contracts and connected transactions

Connected transactions

During FY2015, the Group had entered into transactions which constituted connected transactions under the Listing Rules. Details are set out below:

(a) On 12 August 2015, the Company as the issuer and Taiping Trustees Limited ("Taiping Trustees") as subscriber (the "Subscriber") and Mr. Cheng, a substantial shareholder of the Company, who is indirectly interested in 938,309,250 Shares through his wholly owned company, Full Dragon Group Limited, representing approximately 55.77% of the issued share capital of the Company as at the date of this report, as guarantor entered into a subscription agreement (the "2015 Subscription Agreement"), pursuant to which, subject to fulfillment of conditions precedent, Taiping Trustees has agreed to subscribe for the convertible notes in the principal amount of US$30,000,000 (equivalent to approximately HK$232,551,000). On 28 December 2015, the supplemental agreement to the 2015 Subscription Agreement (the "Supplemental Agreement") was entered into between the Company, Taiping Trustees and Mr. Cheng to confirm their agreement to extend the long stop date of the 2015 Subscription Agreement from the date falling on the expiry of three months after the date on which the special general meeting is held by the Company for the approval of the Subscription Agreement and the transactions contemplated thereunder, i.e. 29 December 2015, to 15 February 2016 or such other date as the Company and the Subscriber may agree.

    As certain conditions precedent as set out in the Subscription Agreement (as amended by the Supplemental Agreement) have not been satisfied or waived as at 15 February 2016 and the long stop date has not been extended, the subscription of the convertible notes contemplated under the Subscription Agreement (as amended by the Supplemental Agreement) would not proceed, the Subscription Agreement (as amended by the Supplemental Agreement) has lapsed and no party shall be liable to any of the other parties save for in respect of claim(s) arising out of any antecedent breach(es) thereof.

Report of the Directors

(b) On 16 November 2015, the Company, Sky-Linked International Limited (聯天國際有限公司) as the vendor (the "Vendor") and Mr. Cheng Ngok Fai and Mr. Li Ruiguang as the guarantors (collectively as the "Guarantor") entered into the formal sale and purchase agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire 49% of the entire issued share capital of Ever-Grand Development Limited (the "Target Company"), a company incorporated in the BVI with limited liability, at an aggregate consideration of HK$882,000,000 (the "Consideration"). The Consideration would be satisfied as to (i) HK$60,000,000 in cash; and (ii) HK$822,000,000 by the issue of convertible notes in the same principal amount. On 17 February 2016 (after trading hours), the Company, the Vendor and the Guarantors entered into a supplemental agreement, pursuant to which the Vendor and the Company agreed, among other things, to extend the long stop date from 17 February 2016 to 31 March 2016 (or such other date as may be agreed by the Vendor and the Company in writing) and amend the payment terms of the Consideration, pursuant to which, the HK$60,000,000 cash payment would be made within six months after the Completion Date (as defined in the circular of the Company dated 3 March 2016) by single or multiple payment(s), instead of on the Completion Date. Upon completion of the acquisition, the Target Company will become a 49% associate of the Company.

Given the entire issued share capital of the Vendor is beneficially owned as to 60% by Mr. Cheng Ngok Fai, the brother of Mr. Cheng, a substantial shareholder of the Company, accordingly, the Vendor and Mr. Cheng Ngok Fai are associates of Mr. Cheng and connected persons of the Company under Chapter 14A of the Listing Rules.

Save as disclosed above, none of the related party transactions set out in note 40 to the financial statements constitutes connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

Other than disclosed above, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Changes in directors' information

In accordance with Rule 13.51B of the Listing Rules, changes of the information of Directors required to be disclosed are set out below:

The monthly remuneration of Ms. Law Kee, Alice, an executive Director and the chief executive officer of the Company, was adjusted from HK$85,000 to HK$93,500 with effect from 1 January 2015. Such increment was determined with reference to her workload, job complexity and responsibilities with the Group. (Note: Ms. Law Kee, Alice resigned as executive director and chief executive officer of the Company on 31 March 2016 and remains an employee of the Group.)

Report of the Directors

The monthly remuneration of Mr. Hui Wai Lee, Willy, an executive Director and the chairman of the Company, has been adjusted from HK$13,000 to HK$30,000 with effect from 21 September 2015, in view of his added responsibility, and the rest of his current remuneration package remains unchanged, which was based on the Company's remuneration policy adopted for the chairman of the Company, his previous experience, qualifications, responsibility involved in the Company and the prevailing market rate.

Emolument policy

The Group remunerates its employees including the Directors, based on their performances, experiences and the prevailing market rate. Other employee benefits include insurance, medical cover and subsidised training programme. Emoluments of the Directors are determined after taking into consideration of their expertise and job specifications.

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. During the Year under Review and up to the date of this annual report, no permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Cap. 622D of the Laws of Hong Kong) was or is being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or directors of any associated company of the Company (if made by the Company).

Key relationships with employees

Human resources are the most valuable asset of the Group. Developing and retaining talents are vital to our success. The Group is committed to providing our employees with a safe, pleasant and healthy working environment. The Group rewards and recognises employees by competitive remuneration package and implements a key performance index scheme with appropriate incentives, and promote career development and progression by providing opportunities for career advancement.

In addition, each department of the Group is responsible for determining its training needs for employees in its department and any suggested applicable training courses either arranged internally or by external service providers shall be submitted to the senior management of the Group for approval. Knowledge, skills and capacities of employees are vital to continuous business growth and success of the Group. The Group strives to ensure that all employees can fulfill the relevant job requirements in terms of education, training, technical and work experience.

Report of the Directors

Environmental policies and performances

As a supporter of environmental protection, the Company strives for efficient and effective use of energy and resources in operation and management level of the Company. Energy conservation is a priority under environmental protection and energy-saving devices are used to reduce power consumption for lights. To enhance environmental awareness and encourage daily participation among the staff, there are policies in relation to energy conservation so as to minimise negative environmental impacts. Energy efficiency practices are enforced as to reduce wastage and avoid utilisation of unnecessary resources including:

(a) The use of electricity in the office of the Group must comply the principles of power saving, safety first, high efficiency and low consumption;

(b) Lights and electronic appliances in living area or workplace must be turned off when not in use;

(c) Every member of staff and management must turn off the power for each department's computers, photocopy machines, printers and facsimile machines when they are off duty or on leave; and

(d) Other than formal documents that require the use of papers, each department is advised to handle documents electronically. When the use of paper is required, each piece of paper must be printed double-sided except for formal and confidential documents.

Pre-emptive rights

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

Major customers and suppliers

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 56.2% and 85.1%, respectively, of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 26.0% and 35.7%, respectively, of the Group's total purchases for the year.

None of the Directors, their associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) has any interest in the Group's five largest customers and suppliers.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the Year under Review.

Report of the Directors

Continuing obligations under Chapter 13 of the Listing Rules

In accordance with the continuing disclosure requirement under Rule 13.21 of the Listing Rules, the Directors reported below details of the Notes with covenant which required specific performance obligations of the controlling shareholder of the Company. Terms used herein have the same meaning as those defined in the announcement made by the Company on 10 December 2014.

On 27 January 2015, the Company completed the issue of Notes in a principal amount of USD20,000,000 (equivalent to approximately HK155,000,000) to be matured on 27 January 2018. The Notes bears interest from and including 27 January 2015 at a rate of 20% per annum, payable semi-annually in cash. Pursuant to the Conditions of the Notes, Mr. Cheng, being a substantial shareholder of the Company and the Guarantor to the Notes, is required to maintain a specified minimum shareholding in the Company. The Company will, at the option of any Noteholder(s) redeem such Notes at the Early Redemption Amount upon the occurrence of a Change of Control, and such covenant triggers the disclosure obligations of the Company under Rule 13.18 of the Listing Rules.

Events after the reporting period

Details of the events after the reporting period of the Group are set out in note 44 to the financial statements.

Auditors

PricewaterhouseCoopers ("PwC") was re-appointed as the auditors of the Company and its subsidiaries at the annual general meeting of the Company held on 11 June 2015. On 18 September 2015, PwC resigned as the auditor of the Company and its subsidiaries. RSM Hong Kong ("RSM") was appointed as the auditor of the Company and its subsidiaries by the Board of Directors of the Company on 18 September 2015 to fill the casual vacancy following the resignation of PwC.

Save as disclosed above, there is no other change in the auditors of the Company in any of the preceding 3 years. The financial statements have been audited by RSM. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint RSM as the auditor of the Company.

On behalf of the Board

Hui Wai Lee, Willy
Chairman

Hong Kong, 29 March 2016

Biographical Details of Directors

Executive directors

Mr. HUI Wai Lee, Willy, aged 55, is an executive Director and chairman of the Company. He is currently a director of Supreme Jewellery Company. Mr. Hui joined the Group as an executive Director in April 2009. He has extensive experience in designing and manufacturing of European-style jewelry.

Mr. XIANG Junjie, aged 31, has over 6 years of experience in enterprise management in the PRC. Mr. Xiang graduated with a Bachelor's Degree in Electronic Commerce from the Department of Electronic Commerce at South China University of Technology, the PRC in July 2008. Prior to joining the Company, Mr. Xiang had been the chief executive officer of Dongguan Dejin Energy Technology Limited* (東莞市德晉能源科技有限公司) since 1 January 2015.

Mr. TAI Yat Chung, aged 34, has over 10 years of experience in accounting, audit and business advisory services. Mr. Tai joined the Group as an executive Director in September 2015.

Mr. Tai is a practising member of the Hong Kong Institute of Certified Public Accountants. He received a Bachelor of Business Administration (Accountancy) degree from the City University of Hong Kong in 2005.

Mr. LI Wenjun, aged 57, has over 30 years of experience in chemical engineering and management in the chemical industry in the PRC. Mr. Li graduated with a Bachelor's Degree in Chemical Engineering from the Department of Chemical Machinery at South China University of Technology, PRC in July 1982. Prior to joining the Company, Mr. Li was the executive director, member of the investment and remuneration committee and deputy general manager of China Water Industry Group Limited (Stock code: 1129) during June 2009 to August 2011. Between March 2008 and September 2011, he was the executive director of iMerchants Limited (currently known as Chinese Energy Holdings Limited) (Stock code: 8009).

Biographical Details of Directors

Mr. ZHONG Yingchang, aged 36, has over 10 years of experience in the finance industry of the PRC. In July 2003, Mr. Zhong graduated from the International Business University of Beijing with a major in law and further obtained a certificate in Laws from Sun Yat-sen University in June 2006. Mr. Zhong is currently the general manager and legal representative of 上海黑海章魚投資股份有限公司 (Shanghai BlackSea Octopus Investment Company Limited*) and 廣東環球酒業交易中心股份有限公司 (Guangdong Global Wine Exchange Company Limited*). Mr. Zhong was previously the vice president of Dongguan Bermuda Investment Limited between November 2007 and November 2010.

Mr. JI Jianguo, aged 60, has over 12 years of experience in planning, construction and management of the construction projects in the PRC. Mr. Ji also participated in the research and development of the patent relating to the design of the overlength centralised heat supply pipeline system and its implementation. Mr. Ji was the vice manager of both Zhangjiagang Hengdong Cogeneration Co. Ltd (張家港恒東熱電有限公司) and Zhangjiagang Yongxing Cogeneration Co. Ltd* (張家港永興熱電有限公司) from May 2008 to May 2011 and was appointed as their manager from May 2011 to May 2014. Prior to joining the Company, Mr. Ji had been appointed as the chief engineer of both Dongguan City Dejin Energy Technology Company Limited* (東莞市德晉能源科技有限公司) and Dongguan City Dejin Thermal Power Company Limited* (東莞市德晉熱力有限公司) since September 2015.

Independent non-executive directors

Mr. TSUI Pui Hung, Walter, aged 41, is a practicing solicitor of the High Court of Hong Kong. Mr. Tsui holds the degrees of a Master in Laws from University of London, a Bachelor of Laws (with Honours) from Manchester Metropolitan University, a Bachelor of Science (with Honours) from the Chinese University of Hong Kong, a Postgraduate Certificate in Laws from University of Hong Kong and a Diploma in Translation from the Chinese University of Hong Kong. Mr. Tsui has years of management experience and is familiar with internal control issues and regulatory rules of listed company. He was an independent non-executive director of Unlimited Creativity Holdings Limited (currently known as Easy Repay Finance & Investment Limited) (Stock Code: 8079) from June 2007 to June 2014.

Biographical Details of Directors

Mr. TANG Ping Sum, aged 59, obtained a bachelor degree of commerce from University of Western Australia in December 1981 and a master degree of applied finance from Macquarie University, Australia in April 1992. He is a certified practicing accountant of Australia and was a fellow member of the Hong Kong Institute of Certified Public Accountants until 2007. Mr. Tang has over 16 years' experiences in the securities industry in Hong Kong.

From March 2003 to December 2006, Mr. Tang was an independent non-executive director of Cosmopolitan International Holdings Limited (stock code: 120), a company listed on the Stock Exchange. He was an independent non-executive director of Sino Resources Group Limited (stock code: 223), a company listed on the Stock Exchange, from April 2009 to December 2010; and a non-executive director of Univision Engineering Limited (AIM code: UVEL), a company listed on the Alternative Investment Market of the London Stock Exchange, from December 2005 to December 2011. He was an independent non-executive director of China Investment Development Limited (stock code: 204), a company listed on the Stock Exchange, from April 2011 to February 2014.

Mr. CHIU Sin Nang, Kenny, aged 54, has over 20 years of experience in accounting. He has held various senior accounting and finance positions in sectors of property investment and development, information technology development business.

Mr. Chiu is a fellow member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia. He received a Master of Accountancy degree from The Chinese University of Hong Kong in December, 2006, a Bachelor of Laws degree from the Peking University, the People's Republic of China in July, 1998, a degree of Master of Commerce in Accounting from The University of New South Wales, Australia in May, 1989, a Bachelor of Administrative Studies degree and a Bachelor of Arts (Economics) degree from the York University, Canada in June, 1986 and June, 1985 respectively.

Independent Auditor's Report

TO THE MEMBERS OF CHEUNG WO INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Cheung Wo International Holdings Limited (the "Company") and its subsidiaries set out on pages 40 to 127, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of 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 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 Companies Act 1981 of Bermuda 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.

Independent Auditor's Report

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

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

Opinion

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

Certified Public Accountants
Hong Kong

29 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	7	**24,422**	27,127
Cost of sales	9	**(5,424)**	(6,049)
Gross profit		**18,998**	21,078
Other income and other gain	7	**123**	44,362
Fair value loss on an investment property	16	**(48,780)**	–
Impairment loss on hotel development	24	**(604,173)**	–
Impairment loss on goodwill	17	**–**	(198,037)
Administrative expenses	9	**(44,055)**	(39,194)
Selling and marketing expenses	9	**(3,003)**	(2,039)
Operating loss		**(680,890)**	(173,830)
Finance income	8	**920**	1,313
Finance costs	8	**(24,385)**	(178)
Finance (costs) income – net	8	**(23,465)**	1,135
Share of (losses) profits of investments in associates	19	**(4,224)**	305
Loss before income tax		**(708,579)**	(172,390)
Income tax credit (expense)	11	**65,041**	(5,642)
Loss for the year attributable to owners of the Company		**(643,538)**	(178,032)
Loss per share	13		
Basic		**HK(42.34)cents**	HK(13.34)cents
Diluted		**HK(42.34)cents**	HK(13.34)cents

Details of dividend are disclosed in note 12 to the consolidated financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Loss for the year attributable to owners of the Company	**(643,538)**	(178,032)
Other comprehensive income:		
Item that may be reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**(56,563)**	(17,811)
Item that has been reclassified to profit or loss		
Release of exchange reserve to profit or loss upon liquidation of a subsidiary	**–**	(433)
Other comprehensive income for the year, net of tax	**(56,563)**	(18,244)
Total comprehensive income for the year attributable to owners of the Company	**(700,101)**	(196,276)

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Goodwill	17	–	–
Property, plant and equipment	14	66,133	337,091
Land use rights	15	92,435	304,875
Investment property	16	272,953	338,074
Investments in associates	19	145,868	150,092
Available-for-sale financial assets	20	105,050	–
Prepayments and other receivables	23	20,389	11,965
Film rights		102	102
Deferred tax assets	32	–	–
Total non-current assets		702,930	1,142,199
Current assets			
Properties development in progress	21	1,073,710	1,093,998
Inventories		7	15
Trade and rental receivables	22	10,726	9,840
Prepayments and other receivables	23	57,307	367,351
Tax recoverable		83	80
Restricted bank deposits	25	2,561	–
Cash and cash equivalents	26	57,175	61,696
Total current assets		1,201,569	1,532,980
LIABILITIES			
Current liabilities			
Trade and land payables	27	28,031	341,351
Other payables, accruals and deposits received	28	45,641	24,581
Borrowings	29	390,890	350,345
Finance lease payables	30	1,018	1,295
Total current liabilities		465,580	717,572
Net current assets		735,989	815,408
Total assets less current liabilities		1,438,919	1,957,607

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deposits received	28	**2,659**	2,721
Borrowings	29	**293,874**	249,501
Finance lease payables	30	**–**	1,175
Convertible bonds	31	**–**	–
Deferred tax liabilities	32	**173,561**	249,755
Total non-current liabilities		**470,094**	503,152
Net assets		**968,825**	1,454,455
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	33	**16,825**	14,981
Other reserves	36	**952,000**	1,439,474
Total equity		**968,825**	1,454,455

Approved by the Board of Directors on 29 March 2016 and are signed on its behalf by:

Law Kee, Alice
Director

Hui Wai Lee, Willy
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Issued share capital (note 33)	Share premium (note 36(b)(i))	Contributed surplus (note 36(b)(ii))	Equity component of convertible bonds	Exchange reserve (note 36(b)(iii))	Special reserve (note 36(b)(iv))	Share options reserve (note 36(b)(v))	Warrants reserve (note 36(b)(vi))	(Accumulated losses) retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2014	11,116	749,281	459,047	51,274	81,987	17,926	46,438	–	89,071	1,506,140
Total comprehensive income for the year	–	–	–	–	(18,244)	–	–	–	(178,032)	(196,276)
Issue of shares (note 33(a)&(b))	3,865	192,614	–	(51,274)	–	–	–	–	–	145,205
Share issue expenses	–	(2,728)	–	–	–	–	–	–	–	(2,728)
Issue of warrants	–	–	–	–	–	–	–	2,114	–	2,114
Change in equity for the year	3,865	189,886	–	(51,274)	(18,244)	–	–	2,114	(178,032)	(51,685)
Balance at 31 December 2014	14,981	939,167	459,047	–	63,743	17,926	46,438	2,114	(88,961)	1,454,455
Balance at 1 January 2015	14,981	939,167	459,047	–	63,743	17,926	46,438	2,114	(88,961)	1,454,455
Total comprehensive income for the year	–	–	–	–	(56,563)	–	–	–	(643,538)	(700,101)
Issue of shares (note 33(c)&(d))	1,844	206,442	–	–	–	–	–	(1,994)	–	206,292
Share issue expenses	–	(5,197)	–	–	–	–	–	–	–	(5,197)
Issue of warrants	–	–	–	–	–	–	–	15,105	–	15,105
Warrants issue expenses	–	–	–	–	–	–	–	(1,729)	–	(1,729)
Share options lapsed	–	–	–	–	–	–	(6,634)	–	6,634	–
Change in equity for the year	1,844	201,245	–	–	(56,563)	–	(6,634)	11,382	(636,904)	(485,630)
Balance at 31 December 2015	16,825	1,140,412	459,047	–	7,180	17,926	39,804	13,496	(725,865)	968,825

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(708,579)**	(172,390)
Adjustments for:			
Interest income on short-term bank deposits	8	**(132)**	(1,357)
Finance costs	8	**24,385**	178
Depreciation	14	**4,354**	4,243
(Gain) loss on disposal of property, plant and equipment	7	**(26)**	370
Fair value loss on an investment property	16	**48,780**	–
Share of losses (profits) from investments in associates	19	**4,224**	(305)
Impairment loss on hotel development	24	**604,173**	–
Impairment loss on goodwill	17	**–**	198,037
Reversal of provision for impairment of trade receivables	9	**(44)**	(89)
		(22,865)	28,687
Changes in working capital:			
Increase in properties development in progress		**(29,117)**	(97,155)
Decrease (increase) in inventories		**8**	(10)
Increase in trade and rental receivables		**(1,340)**	(1,712)
Decrease (increase) in prepayments and other receivables		**215,486**	(216,949)
(Decrease) increase in trade and land payables		**(295,290)**	465
Increase (decrease) in other payables, accruals and deposits received		**8,554**	(1,093)
Cash used in operations		**(124,564)**	(287,767)
Hong Kong profits tax refunded (paid)		**6**	(57)
Net cash used in operating activities		**(124,558)**	(287,824)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance to an associate		**–**	(30,000)
Capital contribution to an associate		**–**	(120,000)
Loan repayment received from an associate		**–**	70,201
Purchase of available-for-sale financial assets		**(105,050)**	–
Purchase of property, plant and equipment		**(49,421)**	(103,944)
Proceeds from disposal of property, plant and equipment		**106**	72
Increase in restricted bank deposits		**(2,561)**	–
Interest received	8	**132**	1,357
Net cash used in investing activities		**(156,794)**	(182,314)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**206,292**	119,952
Proceeds from issue of warrants		**15,105**	–
Transaction costs attributable to issue of shares and warrants		**(6,926)**	(2,728)
Proceeds from borrowings		**446,827**	311,876
Repayment of borrowings		**(347,529)**	(56,335)
Interest paid on borrowings and commitment fee		**(24,300)**	(43)
Interest element of finance lease rental payments		**(85)**	(135)
Capital element of finance lease rental payments		**(1,452)**	(1,241)
Net cash generated from financing activities		**287,932**	371,346
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**6,580**	(98,792)
Cash and cash equivalents at beginning of year		**61,696**	163,161
Effect of foreign exchange rate changes, net		**(11,101)**	(2,673)
Cash and cash equivalents at end of year		**57,175**	61,696
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	26	**57,175**	61,696

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. Corporate information

Cheung Wo International Holdings Limited (the "Company") was incorporated in Bermuda on 9 May 2001 as an exempted company with limited liability and its shares are listed on the Stock Exchange.

The registered office of the Company is located at Room 4101, 41st Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group consist of film distribution and licensing, film processing, rental of property, and property and hotel development.

In the opinion of the directors of the Company, Full Dragon Group Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and Mr. Cheng is the ultimate controlling party of the Company.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

As at 31 December 2015, the Group had total current liabilities of approximately HK$465,580,000 that would be due for repayment in the coming twelve months. As at the same date, the Group had cash and cash equivalents of approximately HK$57,175,000. In addition, the Group recorded a net loss attributable to owners of the Company of approximately HK$643,538,000 and had cash outflow from operating activities of approximately HK$124,558,000 for the year ended 31 December 2015.

2. Basis of preparation *(Continued)*

Management has prepared cash flow projections which cover a period of twelve months from the date of the consolidated statement of financial position. The directors of the Company have reviewed the Group's cash flow projections. The directors closely monitor the Group's liquidity position and financial performance and have initiated measures to improve the Group's cash flows. These measures include raising additional capital and obtaining additional financing from banks and others. In the opinion of the directors, in light of the above, together with the anticipated cash outflows from operations, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from the date of the statement of financial position. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. Adoption of new and revised Hong Kong Financial Reporting Standards and requirements

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015:

Amendment to HKAS 40 (Annual Improvements to HKFRSs 2011-2013 Cycle)

The amendment clarifies the application of HKFRS 3 and HKAS 40 in respect of acquisitions of investment property. HKAS 40 assists preparers to distinguish between investment property and owner-occupied property, then HKFRS 3 helps them to determine whether the acquisition of an investment property is a business combination. The amendment had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 8 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly. These clarifications had no effect on the Group's consolidated financial statements.

3. Adoption of new and revised Hong Kong Financial Reporting Standards and requirements *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

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

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Amendments to the Rules Governing the Listing of Securities on the Stock Exchange

The Stock Exchange in April 2015 released revised Appendix 16 of the Rules Governing the Listing of Securities in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. Significant accounting policies

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

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

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

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

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

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

4. Significant accounting policies *(Continued)*

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. Significant accounting policies *(Continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. Significant accounting policies *(Continued)*

(d) Foreign currency translation

(i) Functional and presentation currency

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

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

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

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

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

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. Significant accounting policies *(Continued)*

(d) Foreign currency translation *(Continued)*

(iii) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings (classified as finance leases), held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Leasehold land and buildings	Shorter of remaining lease term or useful life
Furniture and fixtures	20%
Leasehold improvements	Over the shorter of the lease terms or 20%
Motor vehicles	10% – 25%
Plant, machinery and equipment	20% – $33^1/_3$%

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

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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

4. Significant accounting policies *(Continued)*

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(g) Film rights

Perpetual film rights acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. Costs of film rights represent the purchase price of the perpetual film rights and are amortised over the periodof the expected income from distribution and licensing of video rights and other broadcasting rights following their release.

(h) Leases

The Group as lessee

(i) Operating leases

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

Prepaid land lease payments or land use rights are stated at cost and subsequently amortised on the straight-line basis over the remaining term of the lease.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

4. Significant accounting policies *(Continued)*

(h) Leases *(Continued)*

The Group as lessee (Continued)

(ii) Finance leases (Continued)

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

The Group as lessor

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Properties development in progress

Properties development in progress are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Upon completion, the properties are reclassified to properties held for sale at the then carrying amount.

4. Significant accounting policies *(Continued)*

(k) Recognition and derecognition of financial instruments

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

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

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

(l) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

4. Significant accounting policies *(Continued)*

(l) Financial assets *(Continued)*

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(m) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(n) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

4. Significant accounting policies *(Continued)*

(o) Financial liabilities and equity instruments

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

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Convertible bonds

Convertible bonds which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as convertible bonds reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion related to the equity component is charged directly to equity.

(r) Trade and other payables

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

(s) Equity instruments

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

4. Significant accounting policies *(Continued)*

(t) Revenue recognition

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

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

Revenue from the production and distribution of films is recognised, when the production is completed and the film has been released, and distributed to the cinema circuit and the amount can be measured reliably, which is generally when the cinema circuit confirms to the Group its share of box office receipts;

Revenue from the licensing of the distribution and broadcasting rights over films and television series is recognised, when the Group's entitlement to such payments has been established which, subject to the terms of the relevant agreements, is usually upon delivery of the film negatives to the customers;

Revenue from the provision of film processing services is recognised, when the services are provided;

Rental income from investment property is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease;

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

Dividend income is recognised, when the shareholder's right to receive payment has been established.

4. Significant accounting policies *(Continued)*

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

The Group participates various post-employment scheme in form of defined contribution pension plans.

(ii) Pension obligations

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

(iii) Termination benefits

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

(v) Share-based payments

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

4. Significant accounting policies *(Continued)*

(w) 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(x) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items 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.

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

4. Significant accounting policies *(Continued)*

(x) Taxation *(Continued)*

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. Significant accounting policies *(Continued)*

(y) PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

(z) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. Significant accounting policies *(Continued)*

(aa) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial assets have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(bb) Provisions and contingent liabilities

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

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

4. Significant accounting policies *(Continued)*

(cc) Events after the reporting period

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

5. Critical judgements and key estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Classification of investment

Determining whether an investment in another entity should be classified as an investment in an associate requires judgement. Management considers all aspects of the relationship between the investor and the investee in order to determine whether the Group has significant influence over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Management has performed an assessment and considered the current accounting treatments for its associates to be appropriate. Talent Films Limited ("Talent Films") and Broad World Holdings Limited ("Broad World") are accounted for as associates since the Group has significant influence on but no control or joint control over Talent Films and Broad World. As the majority of the directors of Talent Films and Broad World are nominated by the respective major shareholders, the Group does not control or joint control Talent Films and Broad World.

(b) Identification of cash-generating units

When performing asset impairment assessment, the Group follows HKAS 36 "Impairment of Assets" ("HKAS 36") to identify cash generating unit ("CGU") that is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The independence of cash flows will be indicated by various factors including, for example, by businesses, individual locations, districts or regional areas or how management makes decisions about continuing or disposing of the entity's assets and operations. Identification of CGU is driven by the asset and the business and requires judgment of the management.

5. Critical judgements and key estimates *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

(b) Identification of cash-generating units (Continued)

The Group has been developing a hotel and residential project situated in the Jiuhua Economic Zone of Xiangtan, Hunan with the name of "湘江國際公館" (Xiang Jiang Guo Ji Gong Guan) (the "Project"), which includes a five-star hotel ("Hotel") and low density residential villas and apartments ("Properties") on adjacent land. The Project was regarded by management as a single CGU ("Project CGU") and reported as the property and hotel segment since its inception. The Group's original plan ("Original Plan") for the Project was (i) marketing the Project under the same brand to enhance brand awareness and for cost efficiency; (ii) enhancing the Properties' value by allowing the future owners to use certain facilities of the adjacent Hotel, such as clubhouse, restaurants and swimming pools; (iii) enhancing the Hotel guests experience by allowing them to access the parks located within the Properties area; and (iv) launching the sales of Properties and operations of Hotel at almost the same time so as to enable the synergy effect caused by (i) to (iii) above. Management determined that the income from sales of Properties and operations of Hotel were positively interdependent because of the Original Plan and came to the conclusion that the Project CGU was the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For reporting periods ended on or before 31 December 2014, the Group performed impairment tests on Project CGU under HKAS 36.

At the end of current reporting period, management reviewed the latest development of the Project and decided to defer the completion and opening of Hotel at least to the year 2018 because the deterioration of hotel room occupancy rate in Changsha region and Hunan Province in the fourth quarter of 2015 indicated that hotel room oversupply coupled with economic headwind would endure longer than expected. Pre-sale of Properties has been started in later half of current year and the Group's latest plan is to pre-sell a significant portion of total planned floor area of the Properties in the years ending 31 December 2016 and 2017. The postponement of Hotel operation has rendered the Original Plan not feasible, and greatly affected the positive interdependency of income from sales of Properties and operations of Hotel due to the unexpected widening time lag between the two income streams. As a result of the growing independency of income from Properties and Hotel, management concluded that the Project CGU should be divided into two separate CGUs, namely Properties CGU and Hotel CGU for impairment testing purpose at 31 December 2015.

No write down of the Group's properties under development was necessary for the year ended 31 December 2015.

The Hotel CGU was tested for impairment in accordance with HKAS 36 and a total impairment loss HK$604,173,000 was recognised for the year ended 31 December 2015. Details of the impairment of Hotel CGU are set out in note 24 to the consolidated financial statements.

5. Critical judgements and key estimates *(Continued)*

Key source of estimation uncertainty

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

(a) *Estimation of fair value of an investment property*

The fair value of an investment property is determined by using income capitalisation valuation approach. Details of the judgement and assumptions have been disclosed in note 16.

The carrying amount of investment properties as at 31 December 2015 was HK$272,953,000 (2014: HK$338,074,000).

(b) *Useful lives and depreciation of property, plant and equipment*

Management determines the estimated useful lives, and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions and with reference to the industry practices. It may also change significantly as a result of technical innovations and competitor actions in response to industry cycles.

Management will increase the depreciation charges where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) *Impairment of property, plant and equipment, land use rights and prepayment for construction costs*

The Group assesses annually whether property, plant and equipment, land use rights and prepayment for construction costs have any indication of impairment. The recoverable amounts, if required, are determined based on value-in-use calculations or market valuations. These calculations require the use of judgement and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and affecting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of profit or loss.

5. Critical judgements and key estimates *(Continued)*

Key source of estimation uncertainty *(Continued)*

(c) *Impairment of property, plant and equipment, land use rights and prepayment for construction costs (Continued)*

Impairment losses of HK$319,084,000, HK$194,235,000 and HK$90,854,000 for construction in progress, land use rights and prepayment for construction costs were made for the year ended 31 December 2015 (2014: Nil). Details of the impairment losses are set out in note 24 to the consolidated financial statements.

(d) *Net realisable value of properties development in progress*

The Group writes down properties development in progress to net realisable value based on assessment of the realisability of properties development in progress which takes into account cost to completion based on management's experience and net sales value based on prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease which may result in writing down properties development in progress to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value of properties development in progress is adjusted in the period in which such estimate is changed.

No allowance for slow-moving properties development in progress was made for the year ended 31 December 2015 (2014: Nil).

(e) *Impairment of trade and rental receivables and prepayments*

Management regularly reviews the recoverability and/or ageing of trade and rental receivables and prepayments. Appropriate impairment for estimated irrecoverable amounts is recognised in the consolidated statement of profit or loss when there is objective evidence that the asset is impaired.

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. Specific allowance is only made for receivables and prepayments that are unlikely to be collected or realised and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and their carrying value.

As at 31 December 2015, provision for impairment of trade and rental receivables amounted to HK$125,000 (2014: HK$169,000).

5. Critical judgements and key estimates *(Continued)*

Key source of estimation uncertainty *(Continued)*

(f) Impairment of investments in associates

At the end of each reporting period, the Group reviews internal and external sources of information to identify indicators that the Group's investments in associates may be impaired.

The recoverable amounts of the investments in associates are the higher of value-in-use and fair value less costs of disposal. In determining value-in-use, an entity estimates either: (a) its share of the present value of the estimated future cash flows expected to be generated by the associate and proceeds on disposal, or (b) the present value of estimated future cash flows expected to arise from dividends to be received and proceeds on disposal. Any impairment loss is recognised by writing down the investments in associates.

No impairment of investments in associates was made for the year ended 31 December 2015 (2014: Nil).

(g) Income taxes (including VAT)

The Group is subject to income taxes mainly in statutory jurisdictions of Hong Kong and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

During the year, HK$65,041,000 (2014: HK$5,642,000) of income tax was credited (charged) to profit or loss based on the estimated profit from continuing operations.

(h) Estimation of fair value of warrants

The fair value of warrants issued requires judgment in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate during the life of the warrants. Details of the assumptions used in determining the fair value of the warrants are set out in note 33(a).

6. Segment information

For management purposes, the Group is organised into four business units – property rental, film distribution and licensing, film processing and property and hotel development.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit (loss), which is a measure of adjusted profit (loss) before income tax. The profit (loss) before income tax is measured consistently with the Group's profit (loss) before income tax except that finance income, finance costs, as well as head office and corporate expenses, and certain other income are excluded from such measurement.

Segment assets exclude restricted bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude finance lease payables of a motor vehicle used on a group basis and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2015

	Property rental HK$'000	Film distribution and licensing HK$'000	Film processing HK$'000	Property and hotel development HK$'000	Total HK$'000
Segment revenue:					
External revenue	20,112	2,374	1,936	–	24,422
Total revenue	20,112	2,374	1,936	–	24,422
Segment results	(35,865)	(15,655)	(1,875)	(620,540)	(673,935)
Unallocated corporate expenses					(11,179)
Finance income					920
Finance costs					(24,385)
Loss before income tax					(708,579)
Income tax credit					65,041
Loss for the year					(643,538)

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For the year ended 31 December 2015

6. Segment information *(Continued)*

As at 31 December 2015

	Property rental HK$'000	Film distribution and licensing HK$'000	Film processing HK$'000	Property and hotel development HK$'000	Unallocated HK$'000	Total HK$'000
Assets and liabilities						
Segment assets	304,644	8,416	2,800	1,410,031	178,608	1,904,499
Segment liabilities	57,406	8,452	1,023	865,497	3,296	935,674
Investments in associates	–	–	–	145,868	–	145,868
Other segment information:						
Capital expenditure	229	69	390	51,318	–	52,006
Depreciation	1,004	496	398	383	2,073	4,354
Fair value loss of investment property	48,780	–	–	–	–	48,780
Impairment loss on hotel development	–	–	–	604,173	–	604,173
Share of losses of investments in associates	–	285	–	3,939	–	4,224

Included in the segment results of "property rental" and "property and hotel development" segments for the year ended 31 December 2015, are fair value loss on an investment property of HK$48,780,000 (note 16) and impairment loss on hotel development of HK$604,173,000 (note 24), respectively, which were one-off in nature. The segment results of "property rental" and "property and hotel development" for the year ended 31 December 2015 would have been profits of HK$12,915,000 and losses of HK$16,367,000 respectively, if these one-off nature expenses are excluded.

6. Segment information *(Continued)*

Year ended 31 December 2014

	Property rental HK$'000	Film distribution and licensing HK$'000	Film processing HK$'000	Property and hotel development HK$'000	Total HK$'000
Segment revenue:					
External revenue	21,349	2,257	3,521	–	27,127
Total revenue	21,349	2,257	3,521	–	27,127
Segment results	12,192	30,547	(1,682)	(206,997)	(165,940)
Unallocated corporate expenses					(7,585)
Finance income					1,313
Finance costs					(178)
Loss before income tax					(172,390)
Income tax expense					(5,642)
Loss for the year					(178,032)

As at 31 December 2014

	Property rental HK$'000	Film distribution and licensing HK$'000	Film processing HK$'000	Property and hotel development HK$'000	Unallocated HK$'000	Total HK$'000
Assets and liabilities						
Segment assets	351,664	20,843	2,525	2,232,569	67,578	2,675,179
Segment liabilities	69,478	8,373	1,141	1,137,207	4,525	1,220,724
Investments in associates	–	285	–	149,807	–	150,092
Other segment information:						
Capital expenditure	411	826	983	104,011	2,384	108,615
Depreciation	924	512	547	556	1,704	4,243
Share of profits (losses) of investments in associates	–	498	–	(193)	–	305

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For the year ended 31 December 2015

6. Segment information *(Continued)*

Included in the segment results of "film distribution and licensing" and "property and hotel development" segments for the year ended 31 December 2014, are compensation income receivable in relation to a movie production of HK$43,745,000 (note 7) and impairment loss on goodwill of HK$198,037,000 (note 17), respectively, which were one-off in nature. The segment results of "film distribution and licensing" and "property and hotel development" for the year ended 31 December 2014 would have been losses of HK$13,198,000 and HK$8,960,000 respectively, if these one-off nature income and expenses are excluded.

(a) Geographical information

2015

	Hong Kong HK$'000	**Mainland China HK$'000**	**Others HK$'000**	**Total HK$'000**
Revenue	**2,643**	**20,112**	**1,667**	**24,422**
Non-current assets (excluding available-for-sale financial assets)	**2,344**	**595,536**	**–**	**597,880**
Capital expenditure	**459**	**51,547**	**–**	**52,006**

2014

	Hong Kong HK$'000	Mainland China HK$'000	Others HK$'000	Total HK$'000
Revenue	4,394	21,349	1,384	27,127
Non-current assets	12,771	1,129,428	–	1,142,199
Capital expenditure	4,193	104,422	–	108,615

(b) Information about major customers

Revenue of HK$13,730,000 (2014: HK$14,117,000) and HK$3,790,000 (2014: HK$3,897,000) were derived from two individual tenants of property rental segment.

7. Revenue, other income and other gain

Revenue, which is also the Group's turnover, represents the net invoiced value of film rights licensed, after allowances for trade discounts; the value of services rendered; and rental income received and receivable from its investment property less business tax during the year.

	2015 HK$'000	2014 HK$'000
Revenue		
Property rental income	20,112	21,349
Film distribution and licensing income	2,374	2,257
Film processing income	1,936	3,521
	24,422	27,127
Other income and other gain		
Compensation income received in relation to a movie production (note)	–	43,745
Gain on liquidation of a subsidiary	–	459
Gain on disposal of property, plant and equipment	26	–
Others	97	158
	123	44,362

Note:

In accordance with the shareholders' agreement entered into between the Group and Filmko International Limited ("Filmko") dated 21 June 2010 ("Joint Venture Agreement") relating to the production and distribution of the movie "Monkey King", any over-budgeted production and distribution costs other than those as stated in the Joint Venture Agreement will be borne by Filmko. During the year ended 31 December 2014, upon the negotiation between the Group and Filmko with reference to the Joint Venture Agreement, Filmko agreed to pay an one-off compensation income of HK$43,745,000 to the Group relating to the over-budgeted production and distribution costs spent on the movie "Monkey King". As at 31 December 2015, the compensation income receivable due from Filmko amounted to HK$4,000,000 (2014: HK$17,000,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. Finance costs (income) – net

	2015 HK$'000	2014 HK$'000
Finance costs:		
Interest on bank borrowings wholly repayable within five years	**59,003**	49,558
Interest on finance leases	**85**	135
Interest on other borrowings	**29,736**	705
Interest on convertible bonds (note 31(b))	**–**	4,747
	88,824	55,145
Less: amounts capitalised on qualifying assets	**(64,439)**	(54,967)
Total finance costs	**24,385**	178
Finance income:		
Interest income on short-term bank deposits	**(132)**	(1,357)
Foreign exchange difference, net	**(788)**	44
Total finance income	**(920)**	(1,313)
Finance costs (income) – net	**23,465**	(1,135)

Borrowing costs of the loans used to finance the property and hotel development projects of the Group have been capitalised at a capitalisation rate of 12.59% during the year (2014: 10.17%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9. Expenses by nature

	2015 HK$'000	2014 HK$'000
Employee benefit expenses (excluding directors' remuneration):		
Wages and salaries	**13,401**	11,227
Pension costs – defined contribution plans and social security costs	**600**	625
	14,001	11,852
Directors' remuneration (note 10)	**2,922**	2,052
Auditors' remuneration	**1,636**	2,048
Depreciation (note 14)	**4,354**	4,243
Cost of inventories recognised as expenses*	**140**	359
Operating lease rentals in respect of buildings	**6,045**	6,216
Direct operating expenses of investment property that generate rental income	**2,911**	3,181
Reversal of provision for impairment of trade receivables (note 22)	**(44)**	(89)
Professional fees	**8,669**	8,209
Loss on disposal of property, plant and equipment	**–**	370
Selling and marketing expenses	**3,003**	2,039
Others	**8,845**	6,802
Total cost of sales, administrative expenses and selling and marketing expenses	**52,482**	47,282

* The cost of inventories recognised as expenses for the year is included in "cost of sales" of the consolidated statement of profit or loss.

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For the year ended 31 December 2015

10. Directors' and chief executive's emoluments and five highest paid individuals and interest of directors

(a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), are as follows:

	2015 HK$'000	2014 HK$'000
Fees	320	312
Other emoluments:		
Salaries and allowances	2,421	1,598
Pension costs – defined contribution plans	181	142
	2,922	2,052

2015

	Fees HK$'000	Salaries and allowances HK$'000	Employer's contribution to pension scheme HK$'000	Estimated money value of other benefit HK$'000	Total remuneration HK$'000
Executive directors:					
Mr. Jin Lei (Note (i))	–	534	59	–	593
Ms. Law Kee, Alice *(Chief executive)*	–	1,367	95	–	1,462
Mr. Hui Wai Lee, Willy	–	237	18	–	255
Mr. Tai Yat Chung (Note (ii))	–	31	1	–	32
Mr. Li Wenjun (Note (iii))	–	126	4	–	130
Mr. Zhong Yingchang (Note (iii))	–	126	4	–	130
	–	2,421	181	–	2,602
Independent non-executive directors:					
Mr. Tsui Pui Hung	120	–	–	–	120
Mr. Tang Ping Sum	96	–	–	–	96
Mr. Chu To, Jonathan ((Note (iv))	54	–	–	–	54
Mr. Chiu Sin Nang, Kenny (Note (v))	50	–	–	–	50
	320	–	–	–	320
	320	2,421	181	–	2,922

10. Directors' and chief executive's emoluments and five highest paid individuals and interest of directors *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

Note:

(i) Resigned on 21 September 2015

(ii) Appointed on 15 September 2015

(iii) Appointed on 16 October 2015

(iv) Resigned on 22 June 2015

(v) Appointed on 23 June 2015

2014

	Fees HK$'000	Salaries and allowances HK$'000	Employer's contribution to pension scheme HK$'000	Estimated money value of other benefit HK$'000	Total remuneration HK$'000
Executive directors:					
Mr. Jin Lei	–	283	48	–	331
Ms. Law Kee, Alice *(Chief executive)*	–	1,146	82	–	1,228
Mr. Hui Wai Lee, Willy	–	169	12	–	181
	–	1,598	142	–	1,740
Independent non-executive directors:					
Mr. Tsui Pui Hung	120	–	–	–	120
Mr. Tang Ping Sum	96	–	–	–	96
Mr. Chu To, Jonathan	96	–	–	–	96
	312	–	–	–	312
	312	1,598	142	–	2,052

There were no arrangements under which a director waived or agreed to waive any remuneration during the years ended 31 December 2015 and 2014.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

10. Directors' and chief executive's emoluments and five highest paid individuals and interest of directors *(Continued)*

(b) Emoluments of five-highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2014: one) was a director of the Company, whose emoluments are included in the disclosure set out in note (a) above. The emoluments of the remaining four (2014: four) highest paid individuals are as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries and allowances	**3,699**	2,898
Pension costs – defined contribution plans	**114**	54
	3,813	2,952

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

	Number of individuals	
Emolument bands (in HK dollar)	**2015**	2014
Nil – HK$1,000,000	**2**	4
HK$1,000,001 – HK$1,500,000	**2**	–

(c) Directors' material interests in transactions, arrangements or contracts

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

11. Income tax (credit) expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

The applicable tax rate for the Group's operations in Mainland China is 25%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2015 **HK$'000**	2014 HK$'000
Current tax – Hong Kong		
Charge for the year	**7**	27
Overprovision in prior years	**(20)**	(18)
Total current tax	**(13)**	9
Deferred tax (note 32(a))	**(65,028)**	5,633
Total tax (credit) expense	**(65,041)**	5,642

A reconciliation of the income tax (credit) expense applicable to loss before income tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax (credit) expense is as follows:

	2015 **HK$'000**	2014 HK$'000
Loss before income tax	**(708,579)**	(172,390)
Tax at the statutory tax rates	**(180,499)**	(27,941)
Tax effects of:		
– Expenses not deductible for tax purposes	**109,570**	34,168
– Income not subject to tax	**(1,024)**	(7,584)
– Tax losses for which no deferred income tax asset was recognised	**6,228**	5,249
– Associate's results reported net of tax	**697**	(50)
Overprovision in prior years	**(20)**	(18)
Temporary difference not recognised	**7**	(99)
Utilisation of tax loss	**(2,794)**	(2,388)
Release of deferred tax assets relating to tax loss	**2,794**	2,471
Recognition of deferred income tax liabilities relating to land appreciation tax	**–**	1,834
Total tax (credit) expense	**(65,041)**	5,642

The weighted average effective tax rate was 25.5% (2014: 16.2%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12. Dividend

No dividend was paid or proposed during the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

13. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015 **HK$'000**	2014 HK$'000
Loss for the year attributable to owners of the Company	**(643,538)**	(178,032)
Weighted average number of ordinary shares in issue (thousands)	**1,520,003**	1,334,644

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had two (2014: three) categories of dilutive potential ordinary shares, share options and warrants for the year ended 31 December 2015 (2014: share options, warrants and convertible bonds).

In calculating the diluted loss per share for the year ended 31 December 2015, the potential ordinary shares arising from the assumed conversion of the share options and warrants has anti-dilutive effect on loss per share. Therefore, diluted loss per share equals basic loss per share.

For the year ended 31 December 2014, the convertible bonds were assumed to have been converted into ordinary shares, and the net loss was adjusted to eliminate the interest expense less the tax effect. Potential ordinary shares arising from the assumed conversion of convertible bonds were not included in the calculation of diluted loss per share because they are anti-dilutive for the year ended 31 December 2014. For share options and warrants, calculation is done to determine the number of shares that could have acquired at fair value (determined as average annual market share price of the Company's shares) based on the monetary value of the subscription right attached to the outstanding share options and warrants. As the exercise price of the share options and warrants granted by the Company was higher than the average annual market price of the Company's shares for the year ended 31 December 2014, the outstanding share options and warrants had no dilutive effect on loss per share. Therefore, diluted loss per share for the year ended 31 December 2014 equals basic loss per share.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

14. Property, plant and equipment

	Construction in progress HK$'000	Leasehold land and buildings HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Total HK$'000
At 1 January 2014							
Cost	213,552	1,100	2,146	6,710	14,934	8,459	246,901
Accumulated depreciation	–	(346)	(1,514)	(3,849)	(6,524)	(7,236)	(19,469)
Net carrying amount	213,552	754	632	2,861	8,410	1,223	227,432
Year ended 31 December 2014							
Opening net carrying amount	213,552	754	632	2,861	8,410	1,223	227,432
Additions	112,347	–	182	1,117	3,134	471	117,251
Disposals/write off	–	–	(127)	–	–	(315)	(442)
Depreciation	–	(27)	(190)	(844)	(2,801)	(381)	(4,243)
Exchange realignment	(2,832)	–	(5)	(33)	(31)	(6)	(2,907)
Closing carrying amount	323,067	727	492	3,101	8,712	992	337,091
At 31 December 2014							
Cost	323,067	1,100	1,961	7,139	17,547	3,938	354,752
Accumulated depreciation	–	(373)	(1,469)	(4,038)	(8,835)	(2,946)	(17,661)
Net carrying amount	323,067	727	492	3,101	8,712	992	337,091
Year ended 31 December 2015							
Opening net carrying amount	323,067	727	492	3,101	8,712	992	337,091
Additions	59,654	–	51	164	–	536	60,405
Disposals/write off	–	–	–	–	(74)	–	(74)
Depreciation	–	(28)	(156)	(865)	(2,975)	(330)	(4,354)
Impairment loss (note 24)	(319,084)	–	–	–	–	–	(319,084)
Exchange realignment	(7,614)	–	(19)	(102)	(99)	(17)	(7,851)
Closing carrying amount	56,023	699	368	2,298	5,564	1,181	66,133
At 31 December 2015							
Cost	365,191	1,100	1,978	7,103	17,015	4,438	396,825
Accumulated depreciation	–	(401)	(1,610)	(4,805)	(11,451)	(3,257)	(21,524)
Accumulated impairment loss	(309,168)	–	–	–	–	–	(309,168)
Net carrying amount	56,023	699	368	2,298	5,564	1,181	66,133

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

14. Property, plant and equipment *(Continued)*

Depreciation expense of HK$189,000 (2014: HK$283,000) has been charged in "cost of sales" and HK$4,165,000 (2014: HK$3,960,000) in "administrative expenses".

Construction in progress as at 31 December 2015 and 2014 mainly comprised hotel units being constructed in the PRC.

During the year, the Group capitalised borrowing costs amounting to HK$35,529,000 (2014: HK$24,956,000) on qualifying assets within construction in progress.

At 31 December 2015, one motor vehicle (2014: two) was held under finance leases as follows:

	2015 **HK$'000**	2014 HK$'000
Cost	**7,980**	8,693
Accumulated depreciation	**(6,650)**	(5,446)
Net carrying amount	**1,330**	3,247

The Group leases vehicles under non-cancellable finance lease agreements. The lease terms are within 1 year, and ownership of the assets lies within the Group.

The net carrying amount of the Group's interests in leasehold land classified as finance lease and buildings are analysed as follows:

	2015 **HK$'000**	2014 HK$'000
In Hong Kong, held on leases of:		
Between 10 to 50 years	**699**	727

At 31 December 2015, the Group's leasehold land classified as finance lease and building with a net carrying amount of HK$699,000 (2014: HK$727,000) were pledged to secure borrowings granted to the Group (note 29).

15. Land use rights

Land use rights represent prepaid operating lease payments and their net carrying amount are analysed as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	304,875	317,548
Amortisation of land use rights	(8,399)	(8,636)
Impairment loss (note 24)	(194,235)	–
Exchange realignment	(9,806)	(4,037)
At 31 December	92,435	304,875

During the year, the Group capitalised amortisation of land use rights amounted to HK$8,399,000 (2014: HK$8,636,000) to construction in progress (note 14).

At 31 December 2015 and 2014, the Group's land use rights were pledged to secure borrowings granted to the Group (note 29).

16. Investment property

	2015 HK$'000	2014 HK$'000
At fair value		
At 1 January	338,074	342,474
Fair value loss	(48,780)	–
Exchange realignment	(16,341)	(4,400)
At 31 December	272,953	338,074

An independent valuation of the Group's investment property was performed by the valuer, RHL Appraisal Limited, to determine the fair value of the investment property as at 31 December 2015 and 2014. The revaluation loss is included in "fair value loss on an investment property" in the consolidated statement of profit or loss.

16. Investment property *(Continued)*

(a) Fair value hierarchy

Description	Fair value measurements at 31 December using unobservable inputs (Level 3) 2015 HK$'000	2014 HK$'000
Recurring fair value measurements:		
Investment property:		
– Shopping mall – PRC	**272,953**	338,074

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the years ended 31 December 2015 and 2014.

(b) Reconciliation of assets measured using unobservable inputs (Level 3)

	Shopping mall – PRC 2015 HK$'000	2014 HK$'000
Opening balance	**338,074**	342,474
Fair value loss	**(48,780)**	–
Exchange realignment	**(16,341)**	(4,400)
Closing balance	**272,953**	338,074
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under "fair value loss on an investment property"	**48,780**	–
Change in unrealised losses for the year included in profit or loss for assets held at the end of the year	**48,780**	–

16. Investment property *(Continued)*

(c) Valuation processes of the Group

The Group's financial controller reviews the valuations performed by the independent valuer for financial reporting purposes. Discussions of valuation processes and results are held between the financial controller and valuer at least once every six months, in line with the Group's interim and annual reporting dates. The board of directors also reviews the valuation results twice a year.

At each financial year end the financial controller:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Changes in fair values are analysed at each reporting date during the semi-annual valuation discussions between the financial controller and the valuer.

(d) Valuation techniques and inputs used in fair value measurements

For the shopping mall in the PRC, the valuation was based on income capitalisation approach (term and reversionary method) which largely involves unobservable inputs (e.g. market rent, yield, etc) and taking into account the significant adjustment on yields to accounts for the security of the existing tenancies, and the risks upon reversionary and the estimation in vacancy rate after expiry of current lease.

There were no changes to the valuation technique during the years ended 31 December 2015 and 2014.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2015 (HK$'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shopping mall – PRC	272,953	Income approach (term and reversionary method)	Term yield	2% – 4%	The higher the term yield, the lower the fair value
			Reversionary yield	7%	The higher the reversionary yield, the lower the fair value
			Market unit rent	RMB126-210 per sq. m.	The higher the market unit rent, the higher the fair value

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16. Investment property *(Continued)*

(d) Valuation techniques and inputs used in fair value measurements *(Continued)*

Information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

Description	Fair value at 31 December 2014 (HK$'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shopping mall – PRC	338,074	Income approach (term and reversionary method)	Term yield	2.5% – 4%	The higher the term yield, the lower the fair value
			Reversionary yield	5%	The higher the reversionary yield, the lower the fair value
			Market unit rent	RMB105-210 per sq. m.	The higher the market unit rent, the higher the fair value

17. Goodwill

	2015 HK$'000	2014 HK$'000
At 1 January	–	199,589
Impairment loss	–	(198,037)
Exchange realignment	–	(1,552)
At 31 December	–	–

For the year ended 31 December 2014, goodwill is primarily attributable to the property and hotel development segment of the Group. Management has completed its annual impairment test for goodwill by comparing the recoverable amount of the property and hotel development business to its carrying amount as at the reporting date. The carrying amounts of the Group's property and hotel development business comprised goodwill of HK$198,037,000, land use rights of HK$304,875,000, property, plant and equipment of HK$323,067,000, properties development in progress of HK$598,450,000 and deferred tax liabilities of HK$187,726,000. The recoverable amount of HK$1,038,666,000 is determined based on value-in-use calculation. These assessments use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

17. Goodwill *(Continued)*

There are a number of assumptions and estimates involved for the preparation of cash flow projections. In light of the current keen market competition and the delay of completion of infrastructure nearby, the management has reassessed the key assumptions used in the impairment assessment in light of the changes of the market expectation.

For property development business, the key assumptions adopted in the value-in-use calculation included the selling price per residential unit, growth rate and discount rate. Selling price per residential unit is determined based on the then performance of the property market nearby Xiangtan and Changsha. Growth rate of 5% within the five-year budget is determined by considering both internal and external factors relating to the business segment.

For hotel development business, the key assumptions adopted included the forecasted hotel room rate, occupancy rate, growth rate and discount rate. Forecasted hotel room rate and occupancy rate are based on the then market information of occupancy rate of 4 or 5-star hotels located in Xiangtan and Changsha. Growth rates of 3% to 8% within the five-year budget are determined based on the industry growth forecast and considering both internal and external factors relating to this business segment.

Cash flows beyond five-year period adopted by the property sale and hotel business have been extrapolated using growth rates of 3% per annum, which is consistent with industry growth forecast. Future cash flows for both property sale and hotel operation business are discounted at a pre-tax rate of approximately 14% which reflects the then market assessments of the time value of money and risks specific to the Group.

The directors of the Group have consequently determined to recognise an impairment loss on goodwill directly related to the property and hotel development business of the Group amounted to HK$198,037,000 in the consolidated statement of profit or loss for the year ended 31 December 2014. No other write-down of assets of the property and hotel development business of the Group is considered necessary.

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18. Investments in subsidiaries

Particulars of the principal subsidiaries at 31 December 2015 and 2014 are as follows:

Name of subsidiary	Place of incorporation/ operations and kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Percentage of ownership interest		Principal activities
			2015	2014	
Adore Capital Limited	British Virgin Islands ("BVI")/Hong Kong, limited liability company	United States dollars ("US$") 1	100	100	Investment holding
Brilliant Field Corporation Limited	Hong Kong, limited liability company	HK$1	100	100	Investment holding
Mandarin Films Limited	Hong Kong, limited liability company	HK$1	100	100	Production and distribution of films and provision of management services
Grimston Limited	BVI/Hong Kong, limited liability company	US$10,000	100	100	Investment holding
Handful Cotton (Piecegoods) Company Limited	Marshall/Hong Kong, limited liability company	US$1	100	100	Investment holding
Paramount Universal Limited	Hong Kong, limited liability company	HK$1	100	100	Investment holding

18. Investments in subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation/ operations and kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Percentage of ownership interest 2015	Percentage of ownership interest 2014	Principal activities
Mandarin Films Distribution Company Limited	Hong Kong, limited liability company	HK$20 ordinary shares and HK$10,000,000 non-voting deferred shares (note)	100	100	Distribution of films produced or purchased by the Group
Mandarin Laboratory Limited	Hong Kong, limited liability company	HK$10,000	100	100	Investment holding
Mandarin Laboratory (International) Limited	Hong Kong, limited liability company	HK$1,000,000	100	100	Film processing
Mandarin Films Library Limited	Hong Kong, limited liability company	HK$1	100	100	Films licensing
Cheung Wo (Hunan) Property Limited	BVI/Hong Kong, limited liability company	US$1	100	100	Investment holding
Sino Step Inc.	BVI/Hong Kong, limited liability company	US$99	100	100	Investment holding
Walsbo Limited	Hong Kong, limited liability company	HK$2 ordinary shares and HK$9,800 non-voting deferred shares (note)	100	100	Investment holding
Elite State Developments Limited	BVI/Hong Kong limited liability	US$1	100	100	Investment holding
Profit Source International Limited	Hong Kong, limited liability company	HK$2	100	100	Investment holding
成都中發黃河實業有限公司^ (Chengdu Zhongfa Real Estate Development Co. Ltd.) ("Chengdu Zhongfa")	PRC, limited liability company	Renminbi ("RMB") 176,000,000	100	100	Property holding

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18. Investments in subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation/ operations and kind of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Percentage of ownership interest 2015	Percentage of ownership interest 2014	Principal activities
Prosper China Limited	BVI/Hong Kong, limited liability company	US$100	100	100	Investment holding
湖南九華國際新城開發建設有限公司^(Hunan Jiuhua International City Development Construction Company Limited) ("Hunan Jiuhua")	PRC, limited liability company	RMB260,000,000	100	100	Property development
湖南九華東方酒店有限公司^ (Hunan Jiuhua Dong Fang Hotel Company Limited) ("Dong Fang Hotel")	PRC, limited liability company	RMB180,798,500	100	100	Hotel development

Note: Those deferred shares practically carry no rights to dividends or to receive notice to attend or vote at any general meeting of the Company or to participate in any distribution on winding up.

^ Chengdu Zhongfa, Hunan Jiuhua and Dong Fang Hotel are registered as wholly-foreign-owned enterprises under the PRC law.

The above table lists the subsidiaries of the Company 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.

The Company directly holds the interests in Adore Capital Limited, Elite State Developments Limited, Grimston Limited, Sino Step Inc. and Cheung Wo (Hunan) Property Limited. All other interests shown above are held indirectly.

19. Investments in associates

	2015 HK$'000	2014 HK$'000
Unlisted investments:		
Share of net assets	115,868	92
Capital contribution	–	120,000
Loan to an associate	30,000	30,000
	145,868	150,092

The loan to an associate is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the directors, the loan is considered as quasi-equity investment in the associate.

The amounts recognised in the consolidated statement of profit or loss are as follows:

	2015 HK$'000	2014 HK$'000
Share of (losses) profits	(4,224)	305

Set out below are the associates of the Group as at 31 December 2015, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held indirectly by the Group.

Particulars of the Group's investments in associates as at 31 December 2015 and 2014 are as follows:

Name of entity	Place of incorporation/ operations and form of legal entity	Particulars of issued share capital	Percentage of ownership interest and voting power held indirectly		Principal activities
			2015	2014	
Talent Films (Note a)	Hong Kong, limited liability company	HK$10,000	35	35	Production and distribution of film
Broad World (Note b)	BVI/PRC, limited liability company	100 ordinary shares of US$1 each	45	45	Provision of consultancy services

There are no contingent liabilities relating to the Group's associates.

19. Investments in associates *(Continued)*

Summarised financial information for associates

The following table shows information on the associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

	Talent Films		Broad World		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
At 31 December:						
Non-current assets (note c)	**5**	5	**286,935**	146,667	**286,940**	146,672
Current assets (note c)	**5,163**	7,034	**950**	151,021	**6,113**	158,055
Non-current liabilities	**–**	–	**–**	–	**–**	–
Current liabilities	**(8,184)**	(6,223)	**(30,400)**	(31,450)	**(38,584)**	(37,673)
Net (liabilities)/assets	**(3,016)**	816	**257,485**	266,238	**254,469**	267,054
Group's share of net assets	**–**	285	**115,868**	119,807	**115,868**	120,092
Loan to an associate	**–**	–	**30,000**	30,000	**30,000**	30,000
Group's share of carrying amount of interests	**–**	285	**145,868**	149,807	**145,868**	150,092

Summarised statement of profit or loss and other comprehensive income

	Talent Films		Broad World		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Revenue	**–**	554,872	**–**	–	**–**	554,872
Profit (loss) for the year	**(3,832)**	1,423	**(8,753)**	(429)	**(12,585)**	994
Other comprehensive income for the year	**–**	–	**–**	–	**–**	–
Total comprehensive income for the year	**(3,832)**	1,423	**(8,753)**	(429)	**(12,585)**	994

The information above reflects the amounts presented in the financial statements of the associates (and not Cheung Wo International Holdings Limited's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

19. Investments in associates *(Continued)*

Notes:

(a) In accordance with the shareholders agreement dated 21 June 2010 entered into between the Group and Filmko, the Group's profit sharing ratio to Talent Films' profit is 35%.

(b) On 2 April 2014, the Group entered into a subscription and shareholders' agreement with G2 Whale Real Estate Development (China) Limited ("G2") on investing 45% interest in Broad World by subscribing shares in the capital of Broad World at a subscription price of HK$120,000,000. G2 is a wholly owned subsidiary of G2 Whale Real Estate Development Limited ("G2 Whale Holding"), which is the holder of a licence to use the trademark "Forbes" in certain specific fields. The principal business of Broad World is the provision of advisory services to real estate developers in the PRC which are interested in developing commercial or mixed-use real estate projects under the concept of internationally recognised brands including but not limited to the Forbes mark and the provision of brand management consulting services to these real estate developers in the PRC. Upon the injection of HK$120,000,000 by the Group to Broad World in May and June 2014, G2 and the Group own 55% and 45% respectively of the issued share capital of Broad World.

On 23 December 2014, the Group entered into a loan agreement with Broad World that the Group agreed to make a loan of HK$30,000,000 to Broad World exclusively for the purpose of providing working capital to Broad World for developing the consultancy business in the PRC. The loan is unsecured, interest-free and repayable on demand though the Group does not expect repayment from Broad World in the coming twelve months from the date of the consolidated statement of financial position.

(c) Other assets of Broad World include HK$80,000,000 (2014: HK$80,000,000) advance to an external PRC property developer and HK$69,000,000 (2014: HK$69,000,000) advance to two related companies. Further details on advance to two related parties are set out in note 40 (i)(b).

20. Available-for-sale financial assets

	2015 **HK$'000**	2014 HK$'000
Unlisted equity investment	**105,050**	–

On 14 December 2015, the Group's indirectly wholly-owned subsidiary, Prosper China Limited, had committed to make an investment of HK$110,000,000 in GLC Special Situations Fund L.P. (the "Fund"), by way of a subscription for a limited partnership interest in the Fund, which is registered under the Exempted Partnership Law (as amended) of the Cayman Islands. As at 31 December 2015, Prosper China Limited has contributed HK$105,050,000 to the Fund.

The Fund has a term of eight years from the date of initial closing. Purpose of the Fund is to generate financial returns and achieve long-term appreciation through debt and/or equity investments in private companies.

The Fund was stated at cost less accumulated impairment loss (if any) because the range of reasonable fair value estimates is so significant that the Directors consider that its fair value cannot be measured reliably. The Directors considered that no impairment loss was required for the investment in the Fund.

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21. Properties development in progress

	2015 HK$'000	2014 HK$'000
At 1 January	**1,093,998**	1,003,211
Additions	**36,634**	103,529
Exchange realignment	**(56,922)**	(12,742)
At 31 December	**1,073,710**	1,093,998
Properties development in progress comprise:		
Land use rights	**868,410**	916,835
Construction costs and capitalised expenditures	**128,894**	124,659
Finance costs capitalised	**76,406**	52,504
	1,073,710	1,093,998
Amounts are expected to be completed:		
Within the normal operating cycle included under current assets	**1,073,710**	1,093,998

At 31 December 2015, the Group's land use rights included in the properties development in progress with a net carrying amount of HK$469,374,000 (2014: HK$495,548,000) was pledged to secure certain borrowings granted to the Group (note 29).

22. Trade and rental receivables

	2015 HK$'000	2014 HK$'000
Trade and rental receivables	**10,851**	10,009
Less: provision for impairment of trade and rental receivables	**(125)**	(169)
Trade and rental receivables – net	**10,726**	9,840

The carrying amounts of trade and rental receivables approximate their fair values.

22. Trade and rental receivables *(Continued)*

The Group has a policy of allowing its trade customers credit periods normally ranging from 90 to 120 days. Before accepting any new customers, the Group uses an internal credit assessment process to assess the potential customers' credit quality and defines credit limits by customers. Credit limits attributed to customers are reviewed regularly.

The aging analysis of the trade and rental receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2015 **HK$'000**	2014 HK$'000
0 – 90 days	**5,718**	5,529
91 – 180 days	**4,714**	3,941
181 – 365 days	**229**	360
Over 1 year	**65**	10
	10,726	9,840

Aging of trade and rental receivables which are past due but not impaired is as follows:

	2015 **HK$'000**	2014 HK$'000
0 – 90 days	**281**	189
91 – 180 days	**–**	–
More than 180 days	**65**	63
	346	252

As at 31 December 2015, trade and rental receivables of HK$346,000 (2014: HK$252,000) were past due but not impaired that relate to customers that have good track records with the Group. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

22. Trade and rental receivables *(Continued)*

Movements in the provision for impairment of trade receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	169	258
Reversal of provision for impairment of trade receivables (note 9)	(44)	(89)
	125	169

The impairment loss recognised on trade receivables is mainly for customers who have financial difficulties.

At 31 December 2015, trade receivables of HK$125,000 (2014: HK$169,000) were individually determined to be impaired. The individually impaired trade receivables relate to receivables which are expected not to be recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The carrying amounts of the trade and rental receivables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK$	668	395
RMB	9,609	9,436
Other currency	449	9
	10,726	9,840

23. Prepayments and other receivables

	Note	2015 HK$'000	2014 HK$'000
Prepayment for construction costs	(i)	**103,982**	333,746
Other prepayments		**47,129**	18,142
Other receivables	(ii)	**11,906**	24,651
Utility and other deposits		**2,709**	2,777
Impairment loss	24	**(90,854)**	–
Exchange realignment		**2,824**	–
		77,696	379,316
Less: current portion		**(57,307)**	(367,351)
Non-current portion		**20,389**	11,965

(i) The balance represents prepayments to a subcontractor in the PRC relating to the construction project of the Group in Hunan for developing the residential units and the hotel.

(ii) The balance includes a compensation income receivable of HK$4,000,000 (2014: HK$17,000,000) in relation to a movie production (note 7).

The carrying amounts of other receivables approximate their fair values as the impact of discounting is not significant.

None of the other receivables is either past due or impaired. Other receivables included in the above balances had no recent history of default.

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24. Impairment loss on hotel development

The Group carried out review of recoverable amount of its hotel development operation having regard to the latest market conditions. In particular the deterioration of hotel occupancy rates in Changsha region and Hunan province in the fourth quarter of 2015 which indicated that hotel room oversupply coupled with economic headwind would endure longer than expected. The hotel development operation is a cash-generating unit ("CGU") within property and hotel development segment. The review led to the recognition of impairment losses of HK319,084,000, HK$194,235,000 and HK$90,854,000 for construction in progress (note 14), land use rights (note 15) and prepayment for construction costs (note 23), respectively. These impairment losses have been recognised in profit or loss. The recoverable amount of HK$164,410,000 for the relevant CGU has been determined on the basis of its value-in-use using discounted cash flow method. The pre-tax discount rate used was 14.27%.

25. Restricted bank deposits

	2015 HK$'000	2014 HK$'000
Guarantee deposits for construction of pre-sale properties	2,419	–
Pledged bank deposits (note 29(iv))	142	–
	2,561	–

In accordance with the Administration of Pre-sale of Commodity Premises Regulations in the PRC, the Group is required to place in designated bank accounts certain amount of pre-sale proceeds of properties as guarantee deposits for construction of related properties. The deposits can only be used for purchases of construction materials and the payments of construction costs of the relevant property project when approval from PRC State-Owned Land Resources and Housing Administrative Bureau is obtained. Such guarantee deposits will only be released after completion of related pre-sale properties.

As at 31 December 2015, the restricted bank deposits of the Group denominated in RMB amounted to approximately HK$2,561,000 (2014: Nil). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

26. Cash and cash equivalents

	2015 HK$'000	2014 HK$'000
Cash and bank balances	**57,175**	61,696

The carrying values of cash and cash equivalents approximate their fair values.

At 31 December 2015, cash and bank balances of the Group denominated in RMB amounted to HK$8,701,000 (2014: HK$30,944,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK$	**44,529**	28,664
RMB	**8,701**	30,944
US$	**3,509**	1,670
Other currencies	**436**	418
	57,175	61,696

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27. Trade and land payables

	2015 HK$'000	2014 HK$'000
Trade payables	**28,031**	11,176
Land payables	**–**	330,175
	28,031	341,351

At 31 December 2015, the aging analysis of the trade payables, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
0 – 90 days	**25,619**	11,176
91 – 180 days	**745**	–
181 – 365 days	**1,012**	–
Over 1 year	**655**	–
	28,031	11,176

The carrying amounts of the Group's trade and land payables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK$	**8**	–
RMB	**28,023**	341,351
	28,031	341,351

28. Other payables, accruals and deposits received

	2015 HK$'000	2014 HK$'000
Other payables	**10,371**	9,063
Accruals	**5,474**	5,609
Accrued interest expense	**21,929**	9,079
Proceeds received from pre-sale of properties	**4,901**	–
Deposits received in advance	**5,625**	3,551
	48,300	27,302
Less: non-current portion	**(2,659)**	(2,721)
Current portion	**45,641**	24,581

The carrying amounts of the other payables, accruals and deposits received approximate their fair value.

29. Borrowings

	Maturity	2015 HK$'000	2014 HK$'000
Current			
Bank loan – secured (note i)	On demand	**839**	1,043
Bank loan – secured (note ii)	2014-2018	**94,529**	37,426
Entrusted bank loan – secured (note iii)	August 2016	**295,404**	311,876
Bank loan – secured (note iv)	June 2016	**118**	–
		390,890	350,345
Non-current			
Bank loan – secured (note ii)	2014-2018	**141,794**	249,501
Other loan – secured (note v)	January 2018	**152,080**	–
		684,764	599,846

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29. Borrowings *(Continued)*

At 31 December 2015, the Group's borrowings were repayable as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year or on demand	**390,890**	350,345
Between 1-2 years	**94,529**	99,800
Between 2-5 years	**199,345**	149,701
	684,764	599,846

(i) At 31 December 2015, the Group's entrusted bank borrowing of HK$839,000 (2014: HK$1,043,000) was secured by the leasehold land and buildings with a net carrying amount of HK$699,000 (2014: HK$727,000) and was interest-bearing at prime rate minus 1.5% per annum (2014: same).

(ii) At 31 December 2015, the Group's bank borrowing of HK$236,323,000 (2014: HK$286,927,000) was secured by the Group's land use right with a net carrying amount of HK$92,435,000 (2014: HK$304,875,000). According to the repayment terms, the bank borrowing will be repayable from December 2014 to June 2018. The bank borrowing was interest-bearing per annum at the benchmark interest rate determined by the People's Bank of China for loans over 5 years granted by financial institutions (2014: same).

(iii) At 31 December 2015, the Group's bank borrowing of HK$295,404,000 (2014: HK$311,876,000) was secured by the Group's properties development in progress with a net carrying amount of HK$469,374,000 (2014: HK$495,548,000). According to the repayment terms, the bank borrowing will be repayable in August 2016 (2014: March 2015). The bank borrowing was interest-bearing at 7.6% (2014: 7.8%) per annum.

(iv) At 31 December 2015, the Group's bank borrowing of HK$118,000 (2014: Nil) was secured by the Group's bank deposits of HK$142,000 (2014: Nil). The bank borrowing was interest-bearing at 4.40% per annum.

(v) At 31 December 2015, the Group's other borrowing of HK$152,080,000 (2014: Nil) was interest-bearing at 20% per annum.

The other borrowing was secured and guaranteed by:

(a) share charges over certain subsidiaries of the Group, namely Cheung Wo (Hunan) Property Limited, Brilliant Field Corporation Limited, Sino Step Inc., Profit Source International Limited and Chengdu Zhongfa Real Estate Development Co. Ltd. The aforementioned subsidiaries held properties, plant and equipment, land use rights, investment property, prepayment and other receivables, properties development in progress, rental receivables, restricted bank deposits and cash and cash equivalents, amounting to HK$59,799,000, HK$92,435,000, HK$272,953,000, HK$60,231,000, HK$1,073,710,000, HK$9,609,000, HK$2,561,000 and HK$11,259,000 respectively;

(b) inter-companies loans, amounting to HK$3,341,661,000;

(c) a personal guarantee executed by Mr. Cheng, a controlling shareholder of the Company.

During the year ended 31 December 2015, the Group is subject to certain financial covenants under its other borrowings (2014: Nil) (note 43(e)).

29. Borrowings *(Continued)*

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK$	**839**	1,043
RMB	**531,845**	598,803
US$	**152,080**	–
	684,764	599,846

The carrying amounts of the Group's current interest-bearing bank borrowings approximate to their fair values, as the impact of discounting is not significant. The fair value of the non-current bank loan of approximately HK$128,058,000 (2014: HK$213,028,000) are based on cash flows discounted using a rate based on the borrowing rate of 4.9% (2014: 6.2%) and are within Level 2 of the fair value hierarchy.

30. Finance lease payables

During the year, the Group leased its motor vehicles for business use. The leases are classified as finance leases and have remaining lease terms of within one year. Interest rates underlying all finance lease payables are fixed at contract rate of 4.28%. No arrangement has been entered into for contingent rental payments.

	Minimum lease payments		**Present value of minimum lease payments**	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Amounts payable:				
Within one year	**1,038**	1,375	**1,018**	1,295
Between 1 and 2 years	**–**	1,167	**–**	1,143
Between 2 and 5 years	**–**	33	**–**	32
Total minimum finance lease payments	**1,038**	2,575	**1,018**	2,470
Future finance charges	**(20)**	(105)		
Total net finance lease payables	**1,018**	2,470		
Portion classified as current liabilities	**(1,018)**	(1,295)		
Non-current portion	**–**	1,175		

As at 31 December 2015 and 2014, finance lease payables were denominated in HK$.

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31. Convertible bonds

On 24 May 2013, the Company issued convertible bonds carrying at zero coupon rate of an aggregate principal amount of HK$214,640,110. The bonds were convertible at the option of the bondholders into fully paid ordinary shares with a par value of HK$0.01 each at any time from the date of the issue of the bonds up to and including 24 May 2018 at an initial conversion price of HK$0.43 (subject to anti-dilutive adjustments). Any convertible bonds not converted would be redeemed on 24 May 2018 at face value of the principal amount.

During the year ended 31 December 2014, the remaining convertible bonds with a total principal amount of HK$70,640,110 was fully converted into 172,292,950 ordinary shares at adjusted conversion price of HK$0.41. As at 31 December 2014, no convertible bonds were outstanding.

(a) The convertible bonds recognised at initial recognition on 24 May 2013 are calculated as follows:

	HK$'000
Nominal value of convertible bond issued	214,640
Equity component	(155,795)
Liability component	58,845

(b) Movements of the liability component of the convertible bonds during the years are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**–**	22,620
Conversion of convertible bonds	**–**	(27,367)
Interest expense	**–**	4,747
At 31 December	**–**	–

For the year ended 31 December 2014, interest expense on the liability component of the convertible bonds is calculated using the effective interest method, applying the effective interest rate of 29.539% per annum to the liability component.

32. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity in the same taxation authority. The offset amounts are as follows:

	2015 HK$'000	2014 HK$'000
Deferred tax assets	–	–
Deferred tax liabilities	173,561	249,755
	173,561	249,755

(a) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2015 HK$'000	2014 HK$'000
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	(238)	(3,109)
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after 12 months	173,799	252,864
Deferred tax liabilities (net)	173,561	249,755

The net movements of the deferred tax account are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	249,755	247,326
Deferred tax (credited) charged to consolidated statement of profit or loss (note 11)	(65,028)	5,633
Exchange realignment	(11,166)	(3,204)
At 31 December	173,561	249,755

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32. Deferred tax *(Continued)*

(b) The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxable entity in same taxation authority) during the year are as follows:

Deferred tax liabilities

	Revaluation of land use right HK$'000	Revaluation of investment property HK$'000	Different bases in reporting revenue with tax authority HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 January 2014	188,321	61,660	2,892	93	252,966
Deferred tax charged to consolidated statement of profit or loss during the year	1,834	967	361	–	3,162
Exchange realignment	(2,429)	(796)	(39)	–	(3,264)
At 31 December 2014	187,726	61,831	3,214	93	252,864
Deferred tax (credited) charged to consolidated statement of profit or loss during the year	(56,886)	(11,254)	318	–	(67,822)
Exchange realignment	(8,147)	(2,916)	(180)	–	(11,243)
At 31 December 2015	**122,693**	**47,661**	**3,352**	**93**	**173,799**

Deferred tax assets

	Tax losses	
	2015 HK$'000	2014 HK$'000
At 1 January	**(3,109)**	(5,640)
Deferred tax charged to the consolidated statement of profit or loss during the year	**2,794**	2,471
Exchange realignment	**77**	60
At 31 December	**(238)**	(3,109)

At 31 December 2015, the Group had unused tax losses in Hong Kong of approximately HK$101,810,000 (2014: HK$90,459,000) available indefinitely for offsetting against future taxable profits of the companies in which the losses arose; and unused tax losses in the PRC of HK$38,643,000 (2014: HK$25,304,000) available for offsetting against future profits of the PRC subsidiaries which will expire in 5 years. No deferred tax assets in respect of such losses has been recognised due to the unpredictability of future taxable profit streams.

33. Share capital

	2015 HK$'000	2014 HK$'000
Authorised:		
100,000,000,000 (2014: 100,000,000,000) ordinary shares of HK$0.01 (2014: HK$0.01) each	**1,000,000**	1,000,000
Issued and fully paid:		
1,682,538,000 (2014: 1,498,097,000) ordinary shares of HK$0.01 (2014: HK$0.01) each	**16,825**	14,981

A summary of the transactions during the current and prior year with reference to the movements in the Company's authorised and issued ordinary share capital is as follows:

	Note	**Number of shares**	**Amount** HK$'000
Authorised:			
At 1 January 2014, 31 December 2014 and 2015		100,000,000,000	1,000,000
Issued and fully paid:			
At 1 January 2014		1,111,603,816	11,116
Shares placement	(a)	214,200,000	2,142
Issue of shares	(b)	172,292,950	1,723
At 31 December 2014 and 1 January 2015		1,498,096,766	14,981
Shares placement	(c)	175,500,000	1,755
Issue of shares	(d)	8,940,738	89
At 31 December 2015		1,682,537,504	16,825

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33. Share capital *(Continued)*

(a) On 5 March 2014, the Company completed a share placement by issuing 214,200,000 ordinary shares of HK$0.01 each (the "Placing Shares") at a placing price of HK$0.56 per placing share. The Company also issued unlisted warrants ("2014 Warrants"), on the basis of one 2014 Warrant to 27 Placing Shares issued, at no initial price. The exercise price of the 2014 Warrant was at HK$0.70 each and could be exercised at any time for a period of three years from the issue date.

On the date of issuance, the market value of the Placing Shares and the fair value of the 2014 Warrants amounted to HK$152,082,000 and HK$2,728,000 respectively. The difference between the total value of the Placing Shares and 2014 Warrants on the date of issuance and the total cash consideration of HK$119,952,000 received was allocated between the Placing Shares and the 2014 Warrants based on the relative fair value of these two instruments on the date of issuance. As a result of the adjustment, the carrying amounts of the Placing Shares and the 2014 Warrants were adjusted to HK$117,838,000 and HK$2,114,000, respectively, at the date of issue.

The Company decided to issue the Placing Shares and 2014 Warrants, even though the total value of the Placing Shares and 2014 Warrants were higher than the cash consideration, because the Company was required to raise additional capital to finance its general working capital requirements and the funding needs of an associated company during the year ended 31 December 2014.

The fair value of the Warrants was determined using the trinomial optionpricing model at the date of issue. The significant inputs are as follows:

Exercise price	HK$0.70
Share price	HK$0.71
Expected volatility	74.26%
Expected life	3 years
Risk-free rate	0.605%
Expected dividend yield	0%

(b) On 26 September 2014, convertible bonds with principal amount of approximately HK$70,640,000 were converted into approximately 172,293,000 shares at HK$0.41 per share.

(c) On 25 November 2015, the Company completed a share placement by issuing 175,500,000 ordinary shares of HK$0.01 each at a placing price of HK$1.14 per placing share.

(d) During the year ended 31 December 2015, some of the warrant holders have exercised their subscription rights to subscribe for 7,141,000 and 1,800,000 ordinary shares of HK$0.01 each at a subscription price of HK$0.70 and HK$0.68 per share respectively.

34. Warrants

The following table set out details of the Company's warrants at 31 December 2014 and 2015:

	Note	2015 Number of unlisted warrants ('000)	2015 Exercise price HK$	2014 Number of unlisted warrants ('000)	2014 Exercise price HK$
Unlisted warrants issued in 2014 ("2014 Warrants")	(i)	**792**	**0.65**	7,933	0.70
Unlisted warrants issued in 2015 ("2015 Warrants")	(ii)	**263,200**	**0.67**	N/A	N/A
		263,992		7,933	

(i) The followings table set out details of the 2014 Warrants movements:

	Note	2015 Number of unlisted warrants ('000)	2015 Exercise price HK$	2014 Number of unlisted warrants ('000)	2014 Exercise price HK$
Outstanding at 1 January		**7,933**	**0.70**	–	–
Granted	33(a)	**–**	**–**	7,933	0.70
Exercised	33(d)	**(7,141)**	**0.70**	–	–
Adjusted upon issuance of 2015 Warrants	34(ii)	**–**	**0.66**	–	–
Adjusted upon issuance of placement shares	33(c)	**–**	**0.65**	–	–
Outstanding at 31 December		**792**	**0.65**	7,933	0.70

The exercisable period of the 2014 Warrants is from 5 March 2014 to 5 March 2017.

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34. Warrants *(Continued)*

(ii) On 13 July 2015, the Company issued 265,000,000 warrants ("2015 Warrants") at the issue price of HK$0.057 per warrant. The exercise price of the 2015 Warrants is HK$0.68. The following table set out details of the 2015 Warrants movements:

		2015		2014	
	Note	Number of unlisted warrants ('000)	Exercise price HK$	Number of unlisted warrants ('000)	Exercise price HK$
Outstanding at 1 January		–	–	–	–
Granted		265,000	0.68	–	–
Exercised	33(d)	(1,800)	0.68	–	–
Adjusted upon issuance of placement shares	33(c)	–	0.67	–	–
Outstanding at 31 December		263,200	0.67	–	–

The exercisable period of the 2015 Warrants is from 13 July 2015 to 13 July 2016.

35. Statement of financial position and reserve movement of the Company

(a) Statement of financial position of the Company

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	18	6,173	6,173
Prepayments		–	1,607
		6,173	7,780
Current assets			
Prepayments		10,431	1,068
Amounts due from subsidiaries		915,138	1,397,571
Cash and cash equivalents		39,727	12,359
Total current assets		965,296	1,410,998
LIABILITIES			
Current liabilities			
Accruals		15,071	1,689
Borrowings		839	1,043
Total current liabilities		15,910	2,732
Net current assets		949,386	1,408,266
Total assets less current liabilities		955,559	1,416,046
Non-current liability			
Borrowings		152,080	–
Total non-current liabilities		152,080	–
Net assets		803,479	1,416,046

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35. Statement of financial position and reserve movement of the Company *(Continued)*

(a) Statement of financial position of the Company *(Continued)*

	Note	2015 HK$'000	2014 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		**16,825**	14,981
Other reserves	36(b)	**786,654**	1,401,065
Total equity		**803,479**	1,416,046

Approved by the Board of Directors on 29 March 2016 and are signed on its behalf by:

Law Kee, Alice
Director

Hui Wai Lee, Willy
Director

35. Statement of financial position and reserve movement of the Company *(Continued)*

(b) Reserve movement of the Company

	Note	Share premium HK$'000	Contributed surplus HK$'000	Equity component of the convertible bonds HK$'000	Share options reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014		749,281	503,119	51,274	46,438	–	(78,526)	1,271,586
Loss for the year		–	–	–	–	–	(11,247)	(11,247)
Total comprehensive income for the year		–	–	–	–	–	(11,247)	(11,247)
Issue of shares	33(a) & (b)	192,614	–	(51,274)	–	–	–	141,340
Share issue expenses		(2,728)	–	–	–	–	–	(2,728)
Issue of warrants		–	–	–	–	2,114	–	2,114
At 31 December 2014		939,167	503,119	–	46,438	2,114	(89,773)	1,401,065
Loss for the year		–	–	–	–	–	(827,038)	(827,038)
Total comprehensive income for the year		–	–	–	–	–	(827,038)	(827,038)
Issue of shares	33(c) & (d)	206,442	–	–	–	(1,994)	–	204,448
Share issue expenses		(5,197)	–	–	–	–	–	(5,197)
Issue of warrants		–	–	–	–	15,105	–	15,105
Warrants issue expenses		–	–	–	–	(1,729)	–	(1,729)
Share options lapsed		–	–	–	(6,634)	–	6,634	–
At 31 December 2015		1,140,412	503,119	–	39,804	13,496	(910,177)	786,654

36. Reserves

(a) Group

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

36. Reserves *(Continued)*

(b) Nature and purpose of reserves

(i) Share premium reserve

The share premium reserve represents the amount of the excess of issue price of the Company's shares over its par value.

(ii) Contributed surplus reserve

The contributed surplus reserve comprises (i) HK$44,072,000 arising from the excess of the combined net assets of the subsidiaries acquired over the nominal value of the share capital of the Company in exchange thereof at the time of the Group reorganisation; and (ii) HK$459,047,000 arising from the Company's capital reorganisation on 6 September 2010 and 24 May 2012.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

(iv) Special reserve

The special reserve represents (i) difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the group reorganization in 2001 of approximately HK$10,420,000 and (ii) the consideration for the acquisition of additional interests in jointly-controlled entities which became wholly-owned subsidiaries by the substantial shareholder of the Company prior to the group reorganisation of HK$7,506,000.

(v) Share options reserve

The share options reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(v) to the consolidated financial statements.

(vi) Warrants reserve

The warrants reserve represents warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments. The net proceeds received from the issue of warrants are recognised in this reserve. The warrants reserve will be transferred to share capital and share premium upon the exercise of the warrants. When the warrants still exist and not exercised at the expiry date, the amount previously recognised in the warrants reserve will be transferred to retained earnings.

37. Share-based payments

Share options are granted to directors and to selected employees. The exercise price of the granted options is HK$0.94 which is equal to the market price of the shares on the date of the grant at 5 November 2013. The options are exercisable in ten years starting from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted at 5 November 2013 was determined using the binomial valuation model which was valued at HK$0.5968 per option. The significant inputs into the model were the share price at the grant date, exercise price shown above, volatility of 79.5%, dividend yield of nil, an expected average option conversion period of five years and an annual risk-free interest rate of 0.966%.

Movements in the number of share options outstanding are as follows:

	Number of options	
	2015	2014
At 1 January	**77,812,266**	77,812,266
Lapsed	**(11,116,038)**	–
At 31 December	**66,696,228**	77,812,266

No options were exercised and 11,116,038 options were lapsed during the year. All of the outstanding options were exercisable as at 31 December 2015 (2014: All).

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38. Operating lease commitments

(a) As lessor

The Group leases its investment property under non-cancellable operating lease arrangements, with leases negotiated for terms ranging from 2 to 14 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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

	2015 HK$'000	2014 HK$'000
Within one year	19,449	19,886
Between two to five years	81,941	82,273
Over five years	125,600	156,641
	226,990	258,800

(b) As lessee

The Group leases certain of its office properties under non-cancellable operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 5 years.

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

	2015 HK$'000	2014 HK$'000
Within one year	3,913	6,689
Between two to five years	7,393	1,040
	11,306	7,729

39. Capital commitments

At the end of the reporting period, the Group had capital commitments for the following expenditures in respect of:

	2015 HK$'000	2014 HK$'000
Contracted but not provided for:		
Property and hotel development	**1,887,590**	1,562,203
Available-for-sale financial assets	**4,950**	–
	1,892,540	1,562,203

40. Related party disclosures

(i) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the reporting period:

(a) During the year ended 31 December 2015, a subsidiary of the Company has entered into a construction contract with a PRC entity, for the provision of hotel decoration services. Mr. Cheng was the shareholder of the PRC entity as at 31 December 2015.

The subsidiary has advanced HK$110,000,000 to this PRC entity as prepayment for construction costs (note 23).

(b) During the year ended 31 December 2014, an associate of the Company, Broad World, entered into certain cooperation agreements with two PRC real estate developers for the provision of consultancy services on certain residential and hotel development projects. The ultimate shareholder of these developers is Mr. Cheng. Pursuant to the cooperation agreements, the consultancy fees for the services provided by Broad World for the hotel project will be charged at 30% of the exhibition income when the hotel is successfully named under "Forbes" brand, and RMB300 per square meter for the residential projects when the residential units are sold.

Moreover, during the year ended 31 December 2014, Broad World also advanced HK$29,000,000 and HK$40,000,000 to these two developers respectively for paying certain professional costs to be incurred on the property and hotel development projects. The advanced balances remained outstanding as at 31 December 2015 and 2014.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

40. Related party disclosures *(Continued)*

(ii) Compensation of key management personnel

The directors are the key management personnel of the Group. Details of their remunerations are disclosed in note 10(a) to the financial statements.

41. Contingent liabilities

The Group has no material contingent liabilities as at 31 December 2015.

On 9 July 2012, a summon was served on Chengdu Zhongfa, an indirect wholly-owned subsidiary of the Company, as one of the defendants in a civil complaint issued by 四川民族飯店 (the "Plaintiff"). The Plaintiff alleged that 中國中小企業投資有限公司,成都弘易地產有限責任公司 and Chengdu Zhongfa (together, the "Defendants") colluded with each other fraudulently deprived the Plaintiff certain land use rights in the PRC, which form part of the Group's investment property, by certain contracts made in 1995, 1997 and 2003. The Plaintiff petitioned the Higher People's Court of Sichuan Province (the "Court") to declare all those contracts void, to return the land use rights to the Plaintiff and to award damages and costs in favour of the Plaintiff. The Directors have appointed an external PRC lawyer to provide legal advice and handle this matter. The Defendants appeared before the Court on 20 September 2012 and the Court's judgement was delivered and served on 9 December 2014. The Court dismissed all of the Plaintiff's petitions against the Defendants, with costs awarded against the Plaintiff. However, the Plaintiff lodged appeal (the "Appeal") with the Court. The judgement of the Appeal was rendered by The Supreme People's Court of the People's Republic of China (the "Supreme Court") and delivered and served on Chengdu Zhongfa on 8 December 2015. The Supreme Court dismissed all of the Plaintiff's appeal, with costs awarded against the Plaintiff.

42. Financial instruments

Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale financial assets	**105,050**	–
Trade and rental receivables	**10,726**	9,840
Other receivables	**11,906**	24,651
Restricted bank deposits	**2,561**	–
Cash and cash equivalents	**57,175**	61,696
	187,418	96,187

	2015 HK$'000	2014 HK$'000
Financial liabilities		
Trade and land payables	**28,031**	341,351
Other payables	**10,371**	9,063
Accruals	**5,474**	5,609
Accrued interest expense	**21,929**	9,079
Borrowings	**684,764**	599,846
Finance lease payables	**1,018**	2,470
	751,587	967,418

43. Financial risk management objectives and policies

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

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

(a) Interest rate risk

At 31 December 2015, the Group had entrusted bank borrowings of HK$295,404,000 (2014: HK$311,876,000), other borrowings of HK$152,080,000 (2014: Nil) and finance lease payables of HK$1,018,000 (2014: HK$2,470,000), which were interest bearing with fixed interest rates.

At 31 December 2015, the Group had bank borrowings of HK$237,280,000 (2014: HK$287,970,000), which are interest bearing with floating interest rates. If interest rates on the bank borrowings have been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK$7,000 (2014: HK$10,000) higher/lower mainly as a result of higher/lower interest expense on floating rate borrowings, while the total non-current assets would have been approximately HK$1,773,000 (2014: HK$2,870,000) higher/lower mainly as a result of higher/lower interest expense of floating rate borrowings capitalised on qualifying assets within property, plant and equipment and properties development in progress.

(b) Foreign currency risk

The Group carries on its sale and purchase/expenses transactions and raising borrowings mainly in HK$, US$ and RMB. As the foreign currency risk generated from the sales and purchases/expenses can be set off with each other, and the Group's subsidiaries borrow in its respective functional currencies, hence the foreign currency risk is minimal for the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases/expenses in the same currency. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of the business.

43. Financial risk management objectives and policies *(Continued)*

(c) Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and on an individual basis. Each of the customers has been attached with a trading limit and any excess to the limit must be approved by the general manager of the operation unit. Under the tight control of the credit term and detailed assessment to the creditworthiness of individual customers, the Group's exposure to bad debts is maintained as minimal.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and rental receivables and other receivables are disclosed in note 22 and note 23 to the financial statements, respectively.

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

(d) Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirement.

The Group meets its day to day working capital requirements, capital expenditure and financial obligations through cash inflow from operating activities, raising additional share capital, and the facilities obtained from banks and others.

The directors closely monitor the Group's liquidity position and financial performance and have initiated measures to improve the Group's cash flows. These measures include raising additional capital; obtaining additional financing from banks and others; and realising certain assets held by the Group through disposal, if considered necessary. The Group is expected to be able to generate sufficient cash flows to cover its operating costs and meet its financial obligations as and when they fall due in the coming twelve months from the date of these financial statements.

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43. Financial risk management objectives and policies *(Continued)*

(d) Liquidity risk *(Continued)*

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

	Within one year or on demand HK$'000	Between two to five years HK$'000	Total HK$'000
2015			
Trade and land payables	**28,031**	**–**	**28,031**
Other payables	**10,371**	**–**	**10,371**
Accruals	**5,474**	**–**	**5,474**
Accrued interest expense	**21,929**	**–**	**21,929**
Borrowings[1]	**448,023**	**351,136**	**799,159**
Finance lease payable	**1,038**	**–**	**1,038**
	514,866	**351,136**	**866,002**
2014			
Trade and land payables	341,351	–	341,351
Other payables	9,063	–	9,063
Accruals	5,609	–	5,609
Accrued interest expense	9,079	–	9,079
Borrowings[1]	380,653	283,197	663,850
Finance lease payables	1,375	1,200	2,575
	747,130	284,397	1,031,527

[1] Included in borrowings is a term loan amounted to HK$839,000 (2014: HK$1,043,000). The loan agreement contains a repayment on-demand clause, giving the lenders the unconditional right to call in the loan at any time and, therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loan will be called in its entirety within 12 months, and they consider that the loan will be repaid in accordance with the maturity dates as set out in the loan agreement. This evaluation was made considering the financial position of the Group at the date of approval of the financial statements; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time. At 31 December 2015, in accordance with the maturity terms of the loan, HK$240,000 will be due in 2016 and HK$661,000 will be due between 2017 to 2019.

43. Financial risk management objectives and policies *(Continued)*

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for and benefit shareholders and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amounts of dividend paid to shareholders, return capital to shareholders, issue new shares or selling assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities. The Group's policy is to keep the current ratio above 1. The current ratios at 31 December 2015 and at 31 December 2014 were as follows:

	2015 **HK$'000**	2014 HK$'000
Current assets	**1,201,569**	1,532,980
Current liabilities	**465,580**	717,572
Current ratio	**2.58**	2.14

In addition, the Group is subject to financial covenants under its other borrowings. The Group has to maintain its net asset value not be less than US$40,000,000 at any time, the ratio of total interest bearing debt to consolidated total assets not exceed 0.60 to 1.00 at any time, the ratio of consolidated total liabilities to consolidated total asset not exceed 0.60 to 1.00 at any time and the ratio of consolidated total current liabilities to consolidated total current asset not exceed 0.65 to 1.00 at any time. During the year ended 31 December 2015, the Group complied with the aforesaid ratio requirements.

43. Financial risk management objectives and policies *(Continued)*

(f) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting period.

The carrying value less impairment provision of trade, rental and other receivables and trade, land and other payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Disclosures of the investment property that are measured at fair value at 31 December 2015 are set out in note 16.

(g) Offsetting financial assets and financial liabilities

There are no financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements for years ended 31 December 2015 and 2014.

44. Events after the reporting period

(a) On 16 November 2015, the Company had entered into the formal sale and purchase agreement (as supplemented by the supplemental agreement dated 17 February 2016), in respect of acquisition of 49% of the entire issued capital of the target company, Ever-Grand Development Limited of which the project companies are designed to engage in the energy saving environmental protection project by distribution of steam and heat produced by a power plant in Dogguan City to the industrial customers in certain areas in Humen town and Changan town respectively. The consideration of the acquisition will be satisfied by i) cash of HK$60 million, and ii) HK$822 million by the issue of convertible notes by the Company. The proposed ordinary resolution was duly passed by way of poll at the SGM held on 21 March 2016.

(b) On 18 March 2016, a special resolution was duly passed by way of poll by the Shareholders at the SGM of the proposed change of the name of the Company from "Cheung Wo International Holdings Limited" to "Nine Express Limited".

The change of Company name will take effect from the date on which the Registrar of Companies in Bermuda enters the new names of the Company on the register in place of the former name. The Registrar of Companies in Bermuda is expected to issue the certificate of incorporation on change of name thereafter and the Company will then complete the necessary filing procedures with the Companies Registry in Hong Kong and submit all relevant documents to the Stock Exchange.

Five Year Financial Summary

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

	Year ended 31 December				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Results					
Continuing operations revenue	**24,422**	27,127	26,801	34,813	54,510
(Loss) profit before income tax from continuing operations	**(708,579)**	(172,390)	(80,065)	(30,933)	68,271
Income tax credit (expense)	**65,041**	(5,642)	14,489	13,590	(10,507)
(Loss) profit for the year	**(643,538)**	(178,032)	(65,576)	(17,343)	57,764
Attributable to:					
Owners of the Company	**(643,538)**	(178,032)	(65,576)	(17,422)	54,798
Non-controlling interests	**–**	–	–	79	2,966
	(643,538)	(178,032)	(65,576)	(17,343)	57,764

	As at 31 December				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Assets and Liabilities					
Total assets	**1,904,499**	2,675,179	2,502,628	1,749,630	1,566,991
Total liabilities	**(935,674)**	(1,220,724)	(996,488)	(521,110)	(472,020)
	968,825	1,454,455	1,506,140	1,228,520	1,094,971
Attributable to:					
Owners of the Company	**968,825**	1,454,455	1,506,140	1,228,520	1,064,544
Non-controlling interests	**–**	–	–	–	30,427
	968,825	1,454,455	1,506,140	1,228,520	1,094,971