WINSHINE
瀛晟科學

Winshine Science Company Limited
瀛 晟 科 學 有 限 公 司*
(Incorporated in Bermuda with limited liability)
Stock Code: 209

ANNUAL REPORT 2015

* For identification purpose only

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Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	Winshine Science Company Limited (formerly known as "Winshine Entertainment & Media Holding Company Limited")
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, for the purpose of this report, excluding Hong Kong, Macau and Taiwan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "HK cents"	Hong Kong dollars and cents
"RMB"	Renminbi
"US$"	United States dollars
"%"	per cent.

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Feng *(Chairman)*
Mr. Zhang Jack Jiyei *(Chief Financial Officer)*
Mr. Wu Jiang

Non-executive Director

Mr. Lo Ming Chi, Charles

Independent Non-executive Directors

Mr. Li Fang
Mr. Wong Kee Fung Kenneth
Mr. Wong Kwok Tai

AUDIT COMMITTEE

Mr. Li Fang *(Chairman)*
Mr. Wong Kee Fung Kenneth
Mr. Wong Kwok Tai

REMUNERATION COMMITTEE

Mr. Wong Kee Fung Kenneth *(Chairman)*
Mr. Li Fang
Mr. Wong Kwok Tai

NOMINATION COMMITTEE

Mr. Li Fang *(Chairman)*
Mr. Wong Kee Fung Kenneth
Mr. Wong Kwok Tai

COMPANY SECRETARY

Mr. Lau On Kwok

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock Code: 209)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2202-2203, 22/F.
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Guangdong Development Bank Zhongshan Branch

AUDITOR

Deloitte Touche Tohmatsu

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 Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

http://www.winshine.com
http://www.tricor.com.hk/webservice/000209

BUSINESS REVIEW

During the year of 2015, the Group continued to improve the performance of its existing businesses while looking for new business opportunities. The Group reported total revenue of HK$247.7 million and loss of HK$133.3 million for the year ended 31 December 2015, representing a decrease of 41.4% and an increase of 9.2% year-over-year respectively. The loss is mainly attributed by the negative results recorded from its toys division and securities investments division, together with the expenses of share options granted during the year.

Continuing operations

Toys Division

The drop of revenue was partly due to the loss of major customers subsequent to the personnel changes in its toys division. The high production cost in the Pearl River Delta also drove out some of their customers to other lower cost regions abroad such as Vietnam. The gross profit in the toys division has however improved significantly from HK$10.7 million in 2014 to reach HK$27.3 million in 2015, mainly as a result of better production planning and higher production efficiencies. Segment loss for the year in the toys division shrank by 57.0% to HK$24.2 million, compared to the previous year (2014: HK$56.2 million).

Securities Investments Division

During the year, the Hong Kong and China stock market experienced a roller coaster ride seeing a bull run in the first half year followed by a drastic market adjustment in the second half of 2015. The Group recorded a segment loss of HK$19.9 million in the securities investments division in 2015, compared to the segment loss of HK$17.5 million in 2014. As at 31 December 2015, the Group securities portfolio was valued at HK$256.0 million (2014: HK$14.2 million) and a loss of change of fair value of HK$18.2 million (2014: HK$17.6 million) was recorded. The Group did not receive any dividend income during the year (2014: nil).

Discontinued operations

Beverage Division

The Group did not record any revenue from the beverage division in 2015 after it disposed of the entire interest in the beverage business in 2014.

FUND RAISING ACTIVITIES OF THE COMPANY

During the year of 2015, the Company has carried out the following fund raising activities:

Date of announcement	Date of Completion	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
27 November 2015, 28 December 2015	29 January 2016	Placing of 480,000,000 non-listed warrants at placing price of HK$0.065 per warrant under specific mandate to not less than six placees, who and whose ultimate beneficial owners are independent of the Group	HK$29.9 million from the issue of the warrants (Additional proceeds of up to HK$214.1 million, assuming full exercise of the subscription rights attaching to the maximum number of warrants at the warrant exercise price HK$0.460 per warrant)	For general working capital of the Company to settle expenses such as administrative expenses, the professional fees and the salary expenses incurred by the Company; proceeds of approximately HK$220.8 million, upon exercise of the Warrants, is expected to be utilised for the development of the Peptide Secretion Technology through the Joint Venture, the acquisition of a hospital management company and purchase of hospital equipment for the hospital management company	Of the proceeds of approximately HK$29.9 million from the issue of the Warrants, approximately HK$5.9 million has been applied for purchase of raw materials relating to the development of Peptide Secretion Technology and approximately HK$19.2 million has been applied for payment of the First Refundable Payment according to the Acquisition Agreement of Yi Nuo Technology (Suzhou) Company Limited# (宜諾科技(蘇州)有限公司) as announced on 18 February 2016 and 22 February 2016
9 April 2015	28 April 2015	Placing of 400,000,000 new shares with nominal value of HK$0.1 each at placing price of HK$0.4 per placing share (HK$0.388 per share, net) under general mandate to not less than six placees, who and whose ultimate beneficial owners are independent of the Group	HK$155 million in aggregate	For development of the Company's business and to pursue its diversification strategy	HK$12 million has been applied to money lending business; and HK$143 million has been applied to securities investments business, of which, approximately HK$126 million was invested in the shares of three Hong Kong listed companies; and approximately HK$17 million was invested in listed derivatives

Unofficial literal translation of the Chinese company name

CHANGE OF COMPANY NAME

The Group is principally engaged in manufacturing and trading of toys and securities investments. The Board considers that the change of Company name may better reflect the potential expansion and diversification in the business scope of the Group in the future and provide the Company with a new corporate image and identity.

The Board proposed to change the name of the Company such that the existing English name of the Company be changed from "Winshine Entertainment & Media Holding Company Limited" to "Winshine Science Company Limited"and that the existing dual foreign name of the Company in Chinese "中國瀛晟娛樂傳媒控股有限公司" be removed and "瀛晟科學有限公司" be adopted as the new Chinese name of the Company for identification purpose only. The proposal on change of the Company name was approved by the Shareholders at the special general meeting held on 6 January 2016. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in Bermuda on 19 January 2016. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 February 2016.

Following the Change of Company Name becoming effective, the English stock short name of the Company will be changed from "WINSHINE ENT" to "WINSHINE SCI" and the Chinese stock short name of the Company will be changed from "中國瀛晟娛樂" to "瀛晟科學" for the purpose of the trading of Shares on the Stock Exchange, both with effect from 9:00 a.m. on 17 February 2016. The stock code of the Company on the Stock Exchange will remain unchanged as "209".

PROSPECTS

As mentioned in the previous report, the Group has been exploring new investment opportunities to diversify its existing businesses and enhance returns for its shareholders. China's pharmaceutical market has grown robustly and became the second largest pharmaceutical market in 2013. According to the prediction of the State Council of the PRC, total nation medical expenditure will reach approximately RMB8,000 billion at the end of "13th Five-Year Plan" in 2020, representing a compound annual growth rate of 23.5% over the 5 years from 2016 to 2020. The Board considers that there are growth potential and opportunities in the medical and health industry in the PRC and it will benefit the Group and the shareholders as a whole by participating in this industry.

Formation of the joint venture company with Beijing Novotide Biomedical Technology Company Limited ("Novotide")

On 11 November 2015, the Group announced that it entered into the shareholders' Agreement with among others, Novotide and its subsidiary ("Novotide BVI") to form a joint venture ("Novotide JV") which will engage in the business of research and development of the Peptide Secretion Technology for malignant tumor treatment. The Group and Novotide BVI will provide a shareholder's loan of RMB55 million and RMB45 million to Novotide JV respectively. The Group also entered into a facility agreement with Novotide BVI pursuant to which the Group agreed to grant the loan facility of RMB45 million to Novotide BVI for its payment of the shareholder's loan to Novotide JV.

Peptide Secretion Technology

The Peptide Secretion Technology has been researched and developed for over 10 years. Under the premise that the genetic material of human cells would not be altered, DNA sequence which induces expression and secretion of bioactive peptides can be imported into human cells with the Peptide Secretion Technology, which allows a targeted bioactive peptide to be continuously expressed and secreted from human cells. Novotide owns two patents in the PRC in relation to the Peptide Secretion Technology, namely a patent relating to continuous expression of a targeted peptide through recombinant expression techniques, and a patent relating to the use of a plasmid vector for achieving continuous expression of a targeted peptide. In relation to treatment for malignant tumors, the Peptide Secretion Technology may be used to prompt human cells to continuously express and secrete bioactive antitumor peptides which specifically target entry into tumor cells and induce tumor cell apoptosis. Based on well-known studies on tumor suppressor peptides, Novotide are developing 8 types of antitumor peptide secretion formulations including formulation with antitumor peptides related to the P53 protein. Further research would be conducted to identify more bioactive peptides with tumor-suppressing properties which are suitable for treatment of malignant tumors with the Peptide Secretion Technology. Personalized treatments for patients with different types of malignant tumors may possibly be developed using a combination of different formulations produced with the Peptide Secretion Technology, and two methods of treatment which may be developed are: (1) treatment for isolated tumors; and (2) treatment through reinfusion of immune cells which have been enhanced ex vivo. Commercialization of treatment under the Peptide Secretion Technology is subject to, among other things, research and development, testings and approval from relevant authorities which may or may not materialise.

As advised by the PRC legal adviser, businesses involved in the development and application of genetic treatment technology are prohibited from foreign investment. Accordingly, the research and development of the Peptide Secretion Technology to be operated by Novotide JV will be conducted through entering into various structure contracts by a wholly foreign-owned subsidiary of Novotide BVI ("Novotide WFOE") with different nominees. Up to the date of this report, Novotide JV is in the process of setting up Novotide WFOE and no structured contracts have been entered into yet.

Acquisition of 70% equity interest of Beijing Wufang Hospital Management Company Limited ("BWHM")

On 4 January 2016, the Group announced that it entered into the acquisition agreement to subscribe for 70% of BWHM by injecting the aggregate sum of RMB63 million into BWHM. BWHM owned 100% of Beijing Wufangqiao Chinese Medicine Kidney Disease Hospital Company Limited ("BWCM") which is principally engaged in provision of medical services in the PRC. Since part of the conditions precedent have not been completed, the long stop date of the acquisition agreement is extended from 29 February 2016 to 31 May 2016.

Acquisition of 100% equity interest of Yi Nuo Technology (Suzhou) Company Limited ("Yi Nuo")

On 17 February 2016, the Group announced that it entered into the acquisition agreement pursuant to which the Group conditionally agreed to purchase 100% of Yi Nuo at a consideration of approximately RMB64.5 million. Yi Nuo currently owned a piece of land at Jiangsu Suzhou Hi-Tech Zone of approximately 67,000 square meters and a factory thereon. Part of the land and the factory is leased to an independent third parties until 30 June 2016. The Group will reconsider different options on the use of the land and factory and may consider to develop a research and development centre of the Peptide Secretion Technology for malignant tumor treatment in the future. The acquisition is not completed yet as part of the conditions precedent have not been satisfied.

Securities investments

During the first quarter of 2016, the performance of securities investments division suffered from the volatile stock market and a significant price drop on one of its Hong Kong stock investments and recorded substantial fluctuation and unrealized losses. The Group will closely monitor its securities portfolio and adjust its strategy accordingly.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, investors, bankers, business associates and customers for their continuing support, and my fellow directors and all staff members for their valuable contribution over the past challenging year.

Gao Feng
Chairman

Hong Kong, 31 March 2016

OPERATIONS REVIEW

For the year ended 31 December 2015, the Group continued to engage in the existing businesses of manufacturing and trading of toys and securities investments. The Group also entered into several memorandums of understanding and agreements to explore new business opportunities.

Continuing operations

Toys Division

Revenue of the toys division plummeted from HK$422,953,000 in 2014 to HK$247,732,000 in 2015, representing a year-over-year decrease of 41.4%. The substantial drop was mainly due to that one major product line was taken back by a major customer for own production in late 2014 and some key customers held up orders in mid of 2015 due to personnel changes in the toys division. The high cost of production in China compared with other low cost production region like Vietnam also caused some of the customers to shift their purchase base.

Despite these negative factors, gross profit improved significantly from HK$10,692,000 in 2014 to HK$27,273,000 in 2015, representing a year-over-year increase of 155.1%. The increase in gross profit was mainly as a result of improved production efficiencies combined with better production planning and inventory control. The devaluation in RMB also offset part of the negative impact brought by the increase of minimum wage in May 2015 in Zhongshan, the PRC.

As a result of drop in revenue, both selling and distribution expenses and administrative expenses declined during the year. Although other non-operating expenses increased by a provision of bad debts of HK$1.9 million (2014: nil) made against the long overdue account receivables of two customers, the overall performance of the toys division was improved and the segment loss before tax reduced from HK$56,213,000 in 2014 to HK$24,175,000 in 2015.

Looking forward, business environment of the toy division will be more challenging in 2016 as sluggish economic growth in the major markets will cause more cautious order placing by customers. Together with elevating production costs in the Pearl Delta Region, more business will be shifted to other lower cost production regions like Vietnam. On the other hand, RMB is expected to be stable with slight devaluation pressure will provide a positive environment for the toys division. The Group will also continue to improve production efficiencies through better planning, design and automation. More marketing efforts will also be placed to attract more customers so to increase the overall performance in 2016.

OPERATIONS REVIEW (Continued)

Continuing operations (Continued)

Securities investments

During the year, the Hong Kong and China stock markets experienced a bumpy ride which saw a sharp fall in the market indices following a robust market in the first half of the year. The movement of Hang Seng Index points during the year from the highest of 28,442 points in April to the lowest of 20,556 points in September reflected the high volatility of the market. For the year under review, the Group invested in the listed securities of companies in certain new industries in China such as media, renewable energy and internet services in the hope of enhancing financial returns of the available funds. As a result of sudden market adjustment, the securities investments division recorded loss on change of fair value of HK$18,238,000 (2014: HK$17,553,000) in 2015. Out of this amount, approximately HK$12.9 million were attributable to realized losses from investments in five callable bull/bear contracts and the remaining HK$5.3 million were attributable to losses on change of fair value from investments in equity securities.

The Group's significant investments in securities investments held as at 31 December 2015 mainly comprised four stocks, namely; (1) 61,000,000 shares in Tack Fiori International Group Limited (Stock Code: 928) ("TF"); (2) 153,930,000 shares in CNC Holdings Limited (Stock Code: 8356) ("CNC"); (3) 42,032,000 shares in China Ruifeng Renewable Energy Holdings Limited (Stock Code: 527) ("CRRE"); and (4) 89,305,000 shares in China Strategic Holdings Limited (Stock Code: 235) ("CS"). The value of these shares experienced material fluctuations in 2015. During the year ended 31 December 2015, the share price of TF opened at HK$2.00, reaching the highest and lowest prices of HK$3.72 and HK$0.87 respectively and closed at HK$2.00; the share price of CNC opened at HK$0.305, reaching the highest and lowest prices of HK$0.630 and HK$0.190 respectively and closed at HK$0.280; the share price of CRRE opened at HK$1.20, reaching the highest and lowest prices of HK$1.34 and HK$0.79 respectively and closed at HK$0.96; the share price of CS opened at HK$0.088, reaching the highest and lowest prices of HK$0.516 and HK$0.084 respectively and closed at HK$0.218.

During the first quarter of 2016, the performance of the securities investments division suffered from the volatile stock market and a significant price drop on one of its Hong Kong stock investments and recorded substantial fluctuation and unrealized losses. In view of the volatile securities market, the Group will closely monitor its securities portfolio and market conditions and adjust its strategy accordingly. Potential strategic adjustments may include suspending further investments in callable bull/bear contracts, realizing current investments held by the Group, reducing the amount of capital utilized for future securities investments and focusing the Group's resources on opportunities in the medical and health industry in the PRC.

OPERATIONS REVIEW (Continued)

Continuing operations (Continued)

Securities investments (Continued)

Breakdown of the Company's significant investments held as at 31 December 2015

Stock Code	Name	Principal businesses	Market value as at 31 December 2015 (HK$'000)	Number of shares held as at 31 December 2015	Percentage held to the total issued share capital of the stock	Gain/(loss) on change of fair value during the year ended 31 December 2015 (HK$'000)
928	Tack Fiori International Group Limited	Development and promotion of education software products and provision of technical support services in the PRC; Apparel retail business in the PRC; Securities trading and investment	122,000	61,000,000	2.845%	18,110
8356	CNC Holdings Limited	Television broadcasting business and provision of waterworks engineering services	43,100	153,930,000	3.796%	(19,165)
527	China Ruifeng Renewable Energy Holdings Limited	Wind power generation	40,351	42,032,000	2.803%	(9,672)
235	China Strategic Holdings Limited	Trading of metal minerals and electronic components, investment in securities and money lending	19,469	89,305,000	0.526%	(41)
61031	CS#HKEX RC1510C	Callable Bull/Bear Contracts	–	–	–	(3,691)
64039	UB#HKEX RC1510E	Callable Bull/Bear Contracts	–	–	–	(615)
69741	CS#HKEX RC1511B	Callable Bull/Bear Contracts	–	–	–	(1,750)
61466	UB#HSI RC1512S	Callable Bull/Bear Contracts	–	–	–	(1,800)
69995	SC#HKEX RC1604A	Callable Bull/Bear Contracts	–	–	–	(5,094)
	Others	–	31,072	–	–	5,480
Total			**255,992**			**(18,238)**

OPERATIONS REVIEW (Continued)

Projects update

Cooperation in the possible investment of RFPA business of NXP B.V. ("Possible Investment")

The Group made several announcements on 11 May 2015, 19 May 2015, 30 June 2015 and 30 September 2015 and disclosed that it signed a funding commitment letter of US$500 million (approximately HK$3,900 million) addressed to NXP B.V. and entered into the cooperation agreements with Jianguang Asset Management Company Limited ("JAC Capital") pursuant to which the Group would collaborate with JAC Capital to establish a joint venture company for the purpose of acquiring the business of developing, manufacturing and selling of radio frequency power amplifiers of NXP B.V..

On 8 December 2015, the Group announced that after further discussions among relevant parties and careful consideration of the circumstances, the Group will likely not participate in the Possible Investment by way of capital contribution. The Group may instead participate as the co-manager in a limited partnership which will invest in the Possible Investment. On 30 March 2016, the Group and JAC Capital entered into a termination agreement to terminate the fund commitment letter and cooperation agreements.

Termination of acquisition Ankai Tianjin Holding Company Limited ("Ankai Tianjin")

On 24 July 2015, the Group announced that it entered into a termination agreement to terminate the framework agreement with the shareholder of Ankai Tianjin. The Group entered into the framework agreement on 18 November 2014 with Ankai Tianjin and its shareholder to acquire the entire the entire right of control, economic interests, management and benefits of Ankai Tianjin through the structured contracts at a consideration of HK$120 million. Ankai Tianjin and its affiliates are principally engaged in film and media production and insurance brokerage business in China. As certain conditions have not been fulfilled, the Group announced on 30 June 2015 that it would not proceed to completion. In accordance with the termination agreement, the Group has received the refund of the deposits totaled HK$100 million in July 2015, which are used as general working capital of the Group.

Beijing Advantage Wealth Technology Company Limited ("Beijing Advantage")

The Group announced on 16 September 2015 that it entered into a non-legally binding memorandum of understanding with Beijing Advantage Wealth Technology Company Limited regarding a possible investment to acquire 10% equity interest of Beijing Advantage at a consideration of RMB40 million. Beijing Advantage is principally engaged in the development of offering investment products and wealth management through the internet. After further negotiation with relevant parties, the Group decided not to proceed with the possible investment in Beijing Advantage.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2015, the Group had current assets of HK$439,942,000 (2014: HK$307,126,000) comprising cash and cash equivalents of HK$26,005,000 (2014: HK$145,879,000) (excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$179,356,000 (2014: HK$219,789,000), remained at a healthy ratio of 2.45 (2014: 1.40). The Group's borrowings as at 31 December 2015 were denominated in Hong Kong dollars, Renminbi and United States dollars in the proportion of 58%, 42% and nil (2014: 91%, 5% and 4%) respectively. All borrowings totaling HK$100,329,000 (2014: HK$112,503,000) would mature within one year, out of which all bore fixed interest rate (2014: 96%) and none bore floating interest rate (2014: 4%).

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group in the toy divisons were primarily used for management of the Group's currency risk exposures.

The equity attributable to owners of the Company increased by 27% to HK$388,897,000 (2014: HK$305,809,000) mainly as a result of equity fund raising activities offset by the loss incurred by the Group during the year. The Group financed its operations through a combination of debt financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included borrowings, trade payables and other payables less pledged bank deposits and cash and cash equivalents. The gearing ratio of the Group as at 31 December 2015 was 26% (2014: 18%).

Despite the loss incurred by the Group, the financial position of the Group remains solid with sufficient cash and available financial resources to support the Group's ongoing business operations.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group were mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintained a prudent position in its foreign currency risk management. Foreign exchange risks were minimised by matching the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures.

When considered appropriate, the Group would enter into various financial derivative instruments in order to mitigate foreign exchange rate exposure. In light of the above, it was considered that the Group's exposure to foreign exchange risks was not significant.

FINANCIAL REVIEW (Continued)

Charge on Assets

At 31 December 2015, the Group's certain leasehold buildings and prepaid land premium in Mainland China with aggregate carrying amount of HK$105,349,000 (2014: HK$109,899,000), bank deposits and trade receivables of HK$12,649,000 and nil (2014: HK$2,997,000 and HK$5,568,000) respectively were pledged to secure general banking facilities granted to the Group.

Contingent Liabilities

At 31 December 2015, the Group had no significant contingent liability (2014: nil).

Capital Commitments

(a) As at 31 December 2015, the Group had the following capital commitment.

(i) Provision of financial assistance and advance to an entity

On 10 November 2015, the Group entered into a shareholders' agreement and a facility agreement, pursuant to which the Group will provide a loan facility of RMB45 million, bearing interest at a rate of 4% per annum, to Partners United Asia Limited ("Novotide BVI"), an independent third party. The loan will be used by Novotide BVI for its injection of shareholder's loan into Sky Grant Limited (天恩有限公司) ("Sky Grant"). Sky Grant is a non-wholly owned subsidiary of the Group and is owned as to 55% by the Group and 45% by Novotide BVI. The Group shall hold a fixed charge over Novotide BVI's Shares until the full repayment of the loan facility. Novotide BVI may not utilise the loan facility unless all conditions precedent as set out in the shareholders' agreement have been fulfilled.

As at 31 December 2015, the conditions precedent have not been fulfilled and the transaction was in the process.

(ii) Acquisition of property, plant and equipment

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in consolidation financial statements	**12,500**	–

FINANCIAL REVIEW (Continued)

Capital Commitments (Continued)

(b) As at 31 December 2014, the Group had the following capital commitment.

(i) Acquisition of Ankai Tianjin

On 18 November 2014, the Group entered into the framework agreement with two independent individuals who are the shareholders of Ankai Tianjin. Pursuant to the framework agreement, the Group conditionally agreed to acquire the entire right of control and economic interests of Ankai Tianjin through structured contracts at a cash consideration of HK$120,000,000. As at 31 December 2014, refundable deposits of HK$100,000,000 were paid to the two independent individuals. As at 31 December 2014, there was a capital commitment of HK$20,000,000 in relation to the acquisition of Ankai Tianjin.

On 24 July 2015, the parties to the framework agreement entered into a termination agreement on 24 July 2015. The refundable deposits of HK$100,000,000 were refunded to the Group and the relevant commitment has been released upon the termination of framework agreement.

(ii) Acquisition of Beijing Weiying Times Technology Co., Ltd. (北京微影時代科技有限公司) (“Beijing Weiying”)

On 29 December 2014, the Group entered into a framework agreement with independent third parties (the “Vendors”) pursuant to which the Group had conditionally agreed to acquire approximately 19.1% effective right of control and economic interests of Beijing Weiying, which principally engaged in online movie ticketing services, through structured contracts at a consideration of HK$296,885,000, which shall be settled by cash of HK$75,000,000 and by the issue of 778,543,000 new ordinary shares of the Company at HK$0.285 each.

In March 2015, the Group and the Vendors entered into a termination agreement to terminate the framework agreement as certain conditions precedent in the framework agreement could not be satisfied. Relevant commitment has been released upon the termination of the framework agreement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, in respect of the continuing operations, the Group had a total of approximately 1,899 (2014: 2,400) employees, including directors, in Hong Kong and Mainland China. The Group's total staff costs, including directors' remuneration, and value of share options granted to directors and other employees, decreased by 20.1% to HK$139,970,000 (2014: HK$175,263,000). Remuneration packages for employees and directors were structured by reference to market terms, individual performance and experience. Benefit plans maintained by the Group included provident fund scheme, pension scheme, medical insurance, discretionary bonuses and share options. The Group also provided subsidies to staff for external training.

The biographical details of Directors as at 31 March 2016, the date of this annual report, are set out below:

EXECUTIVE DIRECTORS

Mr. Gao Feng, *Chairman*

Aged 49, joined the Company as an Executive Director on 18 June 2014, was appointed the Acting Chairman of the Board on 4 November 2014 and redesignated as the Chairman of the Board on 8 April 2015. Mr. Gao is also a director of several subsidiaries of the Company. He holds a Bachelor's degree from Peking University specialised in Microelectronics. He has extensive experience in corporate planning and management of enterprises in the PRC and had held senior management positions in several multinational technology companies in the PRC.

Mr. Zhang Jack Jiyei, *Chief Financial Officer*

Aged 51, joined the Company as an Executive Director on 4 November 2014 and was appointed the Chief Financial Officer of the Company on 10 November 2014. Mr. Zhang is also a director of several subsidiaries of the Company. He holds a Bachelor of Applied Mathematics degree from Tsinghua University, a Master of Science degree from the University of Manitoba and a Master of Business Administration degree from the University of Western Ontario. He has extensive experience in investment analysis and direct investment and is specialised in environmental, water treatment, telecommunication, information technology and media transactions. Mr. Zhang had held senior positions in a number of reputable companies including General Water of China Co., Ltd.# (中環保水務投資有限公司), BOCI Asia Limited and Beijing Long Shine Technology Co. Ltd.# (北京朗新科技有限公司). He was a director of Heilongjiang Interchina Water Treatment Co., Ltd.# (黑龍江國中水務股份有限公司) whose shares are listed on the Shanghai Stock Exchange (stock code: 600187) ("Heilongjiang Interchina") from 22 January 2009 to 16 July 2012 and was appointed as the president of Heilongjiang Interchina from 20 April 2012 to 16 July 2012. Mr. Zhang was also an executive director of EverChina Int'l Holdings Company Limited (formerly known as Interchina Holdings Company Limited) (stock code: 202) from 1 January 2010 to 22 June 2010, Peace Map Holding Limited (formerly known as Mongolia Investment Group Limited) (stock code: 402) from 25 July 2013 to 6 August 2014 and Tack Fiori International Group Limited (stock code: 928) from 13 April 2015 to 17 December 2015, whose shares are listed on the main board of the Stock Exchange.

Unofficial literal translation of the Chinese company name

EXECUTIVE DIRECTORS (Continued)

Mr. Wu Jiang

Aged 39, joined the Group in July 2014 and was appointed as an Executive Director on 1 August 2014. Mr. Wu is also a director of several subsidiaries of the Company. Mr. Wu obtained a Bachelor's degree in Computer Science from Beijing Jiaotong University and a Master's degree in Business Administration from Nankai University. He is a Chartered Financial Analyst charterholder and has extensive research and investment experience. He had worked for several financial institutions for many years. Mr. Wu was an executive director of Bestway International Holdings Limited, a company listed in Hong Kong (stock code: 718), from 11 December 2013 to 20 March 2014, the independent director of T3 Motion, Inc. (OTCBB: TTTM) whose shares are quoted on the OTC Bulletin Board in the United States, from December 2014 to August 2015, and the director of NQ Mobile Inc. (NYSE: NQ) ("NQ Mobile") whose American Depository Shares are listed on the New York Stock Exchange, from December 2014 to February 2016. Mr. Wu is the Chief Financial Officer of NQ Mobile since 1 June 2015.

NON-EXECUTIVE DIRECTOR

Mr. Lo Ming Chi, Charles

Aged 66, joined the Company as an Executive Director on 3 October 2009 and was appointed the Chief Executive Officer and Deputy Chairman of the Company on 25 November 2009 and 24 June 2011 respectively. He had stepped down from his positions as the Deputy Chairman and the Chief Executive Officer of the Company and had been re-designated as a Non-executive Director of the Company with effect from 10 November 2014. He is also a director of several subsidiaries of the Company. He is a certified practising accountant of the CPA Australia and is a fellow of the Financial Services Institute of Australasia. He has extensive experience in financial and investment services in Australia, Hong Kong and other Asian countries. Mr. Lo is an independent non-executive director of Carrianna Group Holdings Company Limited (formerly known as "Tak Sing Alliance Holdings Limited") (stock code: 126) and CASH Financial Services Group Limited (stock code: 510). He was also an independent non-executive director of Capital Environment Holdings Limited (formerly known as "New Environmental Energy Holdings Limited") (stock code: 3989) until 1 July 2012 and an executive director and the chief executive officer of Huajun Holdings Limited (formerly known as "New Island Development Holdings Limited") (stock code: 377) until 25 September 2014. All of the above companies are listed in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Fang, *Chairman of the Audit Committee and the Nomination Committee and member of the Remuneration Committee*

Aged 62, joined the Company as an Independent Non-executive Director on 10 November 2014. Mr. Li holds a Bachelor's degree of Law and a Master's degree of Law from Peking University Law School, a LL.M degree from Harvard Law School and a Diploma for Harvard International Tax Research Programme. Mr. Li is a partner of Tian Yuan Law Firm, Beijing office and an arbitrator of China International Economic and Trade Arbitration Commission as well as Shenzhen Court of International Arbitration.

Mr. Wong Kee Fung Kenneth, *Chairman of the Remuneration Committee and member of the Audit Committee and the Nomination Committee*

Aged 51, joined the Company as an Independent Non-executive Director on 3 June 2015. Mr. Wong holds a Bachelor of Social Sciences degree from the Chinese University of Hong Kong and a Diplôme HEC from Ecole des Hautes Etudes Commerciales, Paris, France. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and the Hong Kong Institute of Certified Public Accountants. Mr. Wong is currently the managing director of Joymaster (Beijing) Consulting Co., Limited and the director of Chengde Tianyuan Shengshi Enterprises Co., Limited. Mr. Wong has been appointed as an independent non-executive director of Sky Light Holdings Limited (stock code: 3882), a listed company in Hong Kong, on 12 June 2015. He has more than 27 years of experience in accounting and finance.

Mr. Wong Kwok Tai, *Member of the Audit Committee, the Remuneration Committee and the Nomination Committee*

Aged 77, joined the Company as an Independent Non-executive Director on 1 November 2009. He is a Practising Certified Public Accountant and a fellow member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Wong is the director of W. Wong CPA Limited and has more than 45 years of financial experience. Mr. Wong is also an independent non-executive director of China Power New Energy Development Company Limited (stock code: 735) and Takson Holdings Limited (stock code: 918). Mr. Wong was also an independent non-executive director of New Century Group Hong Kong Limited (stock code: 234) until 4 September 2012 and Skyway Securities Group Limited (formerly known as "Mission Capital Holdings Limited") (stock code: 1141) until 30 July 2015. All of the above companies are listed in Hong Kong.

Report of the Directors

The Directors hereby present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 44 to the financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Company and an indication of likely future development in the Company's business, can be found in the Chairman's Statement and the Management Discussion and Analysis set out on pages 4 to 16 of this annual report. This discussion forms part of this Report of the Directors.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 41.

FINAL DIVIDEND

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 120.

SHARE CAPITAL

Details of movement in the share capital of the Company during the year and details of share capital of the Company are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserve available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda and the Bye-laws of the Company, amounted to HK$nil (2014: HK$nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for approximately 77.0% of the total sales for the year and sales to the largest customer accounted for approximately 30.0%. Purchases from the Group's five largest suppliers accounted for approximately 39.6% of the total purchases for the year and purchases from the largest supplier accounted for approximately 16.1%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the year.

DIRECTORS

Executive Directors:

Mr. Gao Feng	
Ms. Liu Ying	(resigned on 3 June 2015)
Mr. Zhang Jack Jiyei	
Mr. Wu Jiang	

Non-executive Directors:

Mr. Lo Ming Chi, Charles	
Ms. Chan Yuk Yee	(resigned on 8 April 2015)

Independent Non-executive Directors:

Mr. Li Fang	
Ms. Yang Qinyan	(resigned on 3 June 2015)
Mr. Wong Kee Fung Kenneth	(appointed on 3 June 2015)
Mr. Wong Kwok Tai	

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

UPDATES ON DIRECTORS' INFORMATION

The following is updated information of directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Zhang Jack Jiyei resigned as an executive director of Tack Fiori International Group Limited (stock code: 928), a listed company in Hong Kong, on 17 December 2015;

2. Mr. Wu Jiang resigned as the independent director of T3 Motion, Inc. (OTCBB: TTTM) whose shares are quoted on the OTC Bulletin Board in the United States, in August 2015, and resigned as the director of NQ Mobile Inc. (NYSE: NQ) whose American Depository Shares are listed on the New York Stock Exchange, in February 2016; and

3. Mr. Wong Kwok Tai resigned as an independent non-executive director of Skyway Securities Group Limited (formerly known as "Mission Capital Holdings Limited") (stock code: 1141), a listed company in Hong Kong, on 30 July 2015.

DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Details of the directors' and the chief executive's remuneration are set out in note 10 to the consolidated financial statements.

INDEMNITY OF DIRECTORS

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and other officers of the Company during the year.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed in note 37 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests of each of the directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity and nature of interest	Personal interest	Corporate interest	Total interest	Approximate percentage of the Company's issued share capital
Mr. Gao Feng ("Mr. Gao")	Beneficial owner	20,200,000	–	20,200,000	0.81%
	Interest of controlled corporation	–	615,791,472	615,791,472 *(Note 1)*	24.78%
Mr. Zhang Jack Jiyei ("Mr. Zhang")	Beneficial owner	20,200,000	–	20,200,000	0.81%
	Interest of controlled corporation	–	615,791,472	615,791,472 *(Note 1)*	24.78%
Mr. Wu Jiang	Beneficial owner	20,200,000	–	20,200,000	0.81%
Mr. Li Fang	Beneficial owner	1,820,000	–	1,820,000	0.07%

Note:

1. These shares were held by Right Perfect Limited, which was a wholly-owned subsidiary of Brilliant Vision Global Limited ("BVG") which in turn was owned as to 50% by each of Mr. Gao and Mr. Zhang, both of whom are Executive Directors of the Company. Accordingly, Mr. Gao, Mr. Zhang and BVG were deemed to be interested in 615,791,472 shares of the Company under the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Save as disclosed above and in the section headed "SHARE OPTION SCHEME", as at 31 December 2015, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Scheme") was adopted pursuant to a resolution passed on 25 July 2014. Unless otherwise cancelled or amended, the Scheme will be valid and effective for a period of 10 years commencing on the adoption date. The purpose of the Scheme is to reward participants (the "Grantees", including but not limited to directors, employees and other participants of the Group) who have contributed or will contribute to the Group and to encourage Grantees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The following table discloses movements of the Company's share options:

	Number of Share Options									
Name or category of participant	At 1 January 2015 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	Cancelled during the year '000	At 31 December 2015 '000	Date of grant	Exercise period	Exercise price HK$	Share closing price immediately before grant date HK$
Directors										
Mr. Gao Feng	16,800	–	–	–	–	16,800	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
	–	3,400	–	–	–	3,400	10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425
Ms. Liu Ying (resigned on 3 June 2015)	16,800	–	(16,800)	–	–	–	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
Mr. Zhang Jack Jiyei	16,800	–	–	–	–	16,800	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
	–	3,400	–	–	–	3,400	10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425
Mr. Wu Jiang	11,080	–	–	–	–	11,080	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
	–	9,120	–	–	–	9,120	10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425
Mr. Li Fang	1,680	–	–	–	–	1,680	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
	–	140	–	–	–	140	10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of Share Options: At 1 January 2015 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	Cancelled during the year '000	At 31 December 2015 '000	Date of grant	Exercise period	Exercise price HK$	Share closing price immediately before grant date HK$
Ms. Yang Qinyan (resigned on 3 June 2015)	1,680	–	–	(1,680)	–	–	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
Employees	7,000	–	–	–	–	7,000	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
	–	14,000	–	–	–	14,000	10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425
Other participants	96,800	–	(33,600)	–	–	63,200	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
	–	172,300	(10,800)	–	–	161,500	10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425
	168,640	202,360	(61,200)	(1,680)	–	308,120				

Notes:

1. The share options granted to directors, employees and other participants are vested immediately upon granted.

2. Weighted average closing price of the listed shares of the Company immediately before the dates on which the options were exercised by Director and other participants were HK$2.280 and HK$2.103 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTION SCHEME" above, at no time during the year ended 31 December 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2015, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Gao Feng ("Mr. Gao")	Interest of controlled corporation	615,791,472 *(Note 1)*	24.78%
Mr. Zhang Jack Jiyei ("Mr. Zhang")	Interest of controlled corporation	615,791,472 *(Note 1)*	24.78%
Brilliant Vision Global Limited ("BVG")	Interest of controlled corporation	615,791,472 *(Note 1)*	24.78%
Right Perfect Limited ("Right Perfect")	Beneficial owner	615,791,472 *(Note 1)*	24.78%
China Strategic Holdings Limited ("CSH")	Security interest	615,791,472 *(Note 2)*	24.78%

Notes:

1. These shares were held by Right Perfect, which was a wholly-owned subsidiary of BVG which in turn was owned as to 50% by each of Mr. Gao and Mr. Zhang, both of whom are Executive Directors of the Company. Accordingly, Mr. Gao, Mr. Zhang and BVG were deemed to be interested in 615,791,472 shares of the Company under the SFO.

2. These shares were held by U Credit (HK) Limited owned as to 100% by China Strategic Financial Holdings Limited ("CSFH"), which was a wholly-owned subsidiary of China Strategic Asset Holdings Limited ("CSAH"), which in turn was wholly-owned by CSH. Accordingly, CSFH, CSAH and CSH were deemed to be interested in 615,791,472 shares of the Company under the SFO.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 31 December 2015 as required pursuant to section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares at the date of the annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognizes the importance of compliance with laws and regulations and any non-compliance may bring significant impact on the Group's operations. The Group's products are exported globally and the major markets include the USA, the European union, Japan and the PRC. The Group complied with those importing requirements, including product safety and material selections, imposed by these importing countries. Compliance with the PRC regulations are also essential to the Group manufacturing operations in the PRC. The Group is continuously monitoring the evolving regulations and ensure its compliance.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 December 2015, there were no material and significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group encourages environmental protection and is committed to fulfil its environmental, social and corporate responsibilities. Various investments in optimizing energy use and paper use were made and will be made. Measures were made to prevent or minimize pollutions and provide a safe and healthy working environment. The Group continues to review the latest technology and the best practices in the industry for adoption to address the environmental, social and corporate responsibilities.

AUDITORS

The financial statements for the year ended 31 December 2015 have been audited by Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment.

During the year ended 31 December 2014, Crowe Horwath (HK) CPA Limited resigned as auditor of the Company with effect from 9 December 2014 and Deloitte Touche Tohmatsu was appointed as auditor of the Company with effect from 22 December 2014 to fill the casual vacancy so arising and to hold office until the conclusion of the 2015 annual general meeting. Save for the above, there were no other changes of auditor of the Company in the preceding three years.

On behalf of the Board

Gao Feng
Chairman

Hong Kong, 31 March 2016

The Board is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

CORPORATE GOVERNANCE

During the year ended 31 December 2015, the Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules except for the following deviation with reason as explained.

Pursuant to Code A.6.7, the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

One Non-executive Director and two Independent Non-executive Directors of the Company were unable to attend the special general meeting of the Company held on 9 March 2015 due to other prior business engagements. One Non-executive Director and one Independent Non-executive Director of the Company were unable to attend the annual general meeting of the Company held on 1 June 2015 due to other prior business engagements. However, there were at least a half of the board of directors (including Independent Non-executive Directors) presented at each meeting to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Specific enquiries have been made with the Directors and they have confirmed their compliance with the Own Code and the Model Code during the year ended 31 December 2015.

BOARD OF DIRECTORS

The overall management and control of the Group's business are vested in the Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in creating value and overseeing the Group's financial performance on behalf of shareholders of the Company.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

BOARD OF DIRECTORS (Continued)

The day-to-day management, administration and operations of the Group are delegated to the executive directors and senior management of the Company. Prior to entering into any significant transactions, the executive directors and senior management of the Company have to obtain Board approval.

As at the date of this annual report, the Board comprises seven Directors, including three Executive Directors, namely Mr. Gao Feng (Chairman), Mr. Zhang Jack Jiyei (Chief Financial Officer) and Mr. Wu Jiang; one Non-executive Director, namely Mr. Lo Ming Chi, Charles; and three Independent Non-executive Directors, namely Mr. Li Fang, Mr. Wong Kee Fung Kenneth and Mr. Wong Kwok Tai. 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 Independent Non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the Directors are set out under the section headed "Biographical Details of Directors" on pages 17 to 19 of this annual report.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

BOARD OF DIRECTORS (Continued)

During the year ended 31 December 2015, four regular full Board meetings and two general meetings were held and the attendance of each director is set out as follows:

	Number of attendance	
Name of director	**Board Meetings**	**General Meetings**
Executive Directors		
Mr. Gao Feng	4/4	2/2
Mr. Zhang Jack Jiyei	4/4	1/2
Mr. Wu Jiang	4/4	0/2
Ms. Liu Ying (resigned on 3 June 2015)	1/3	2/2
Non-executive Directors		
Mr. Lo Ming Chi, Charles	4/4	0/2
Ms. Chan Yuk Yee (resigned on 8 April 2015)	1/1	1/1
Independent Non-executive Directors		
Mr. Li Fang	3/4	1/2
Mr. Wong Kee Fung Kenneth (appointed on 3 June 2015)	1/1	N/A
Mr. Wong Kwok Tai	4/4	2/2
Ms. Yang Qinyan (resigned on 3 June 2015)	2/3	0/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There are two key aspects of the management of the Company – the management of the Board and the day-to-day management of the Group's business. The Company supports that there should be a clear division of these responsibilities at the Board level to ensure a balance of power and authority, so that power is not concentrated in any one individual. Currently, Mr. Gao Feng ("Mr. Gao"), the Chairman of the Board and the Executive Director of the Company, takes up the responsibility of the management of the Board. Following Ms. Liu Ying's resignation as the Executive Director and Acting Chief Executive Officer of the Company on 3 June 2015, the Company does not have designated Chief Executive Officer. The responsibility for running the Company's business and implementing the Group's business goals have been shared by the Executive Directors of the Company to balance the power and authority. The board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

NON-EXECUTIVE DIRECTORS

Each of the Non-executive Directors and Independent Non-executive Directors is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. The Non-executive Directors and all the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises three Independent Non-executive Directors, namely Mr. Li Fang, Mr. Wong Kee Fung Kenneth and Mr. Wong Kwok Tai. Mr. Wong Kee Fung Kenneth is the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The full terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met five times during the year ended 31 December 2015 to review the remuneration packages for directors. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Wong Kee Fung Kenneth (appointed on 3 June 2015)	1/1
Mr. Li Fang	5/5
Mr. Wong Kwok Tai	5/5
Ms. Yang Qinyan (resigned on 3 June 2015)	3/4

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises three Independent Non-executive Directors, namely Mr. Li Fang, Mr. Wong Kee Fung Kenneth and Mr. Wong Kwok Tai. Mr. Li Fang is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of the Board succession. The full terms of reference of the Nomination Committee are available on Company's website and the Stock Exchange's website.

The Nomination Committee met two times during the year ended 31 December 2015 to review the appointment of the directors, the structure, size and composition of the Board. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Li Fang	2/2
Mr. Wong Kee Fung Kenneth (appointed on 3 June 2015)	N/A
Mr. Wong Kwok Tai	2/2
Ms. Yang Qinyan (resigned on 3 June 2015)	1/2

The Board had adopted a board diversity policy (the "Policy") in September 2013 which sets out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Li Fang, Mr. Wong Kee Fung Kenneth and Mr. Wong Kwok Tai. Mr. Li Fang is the Chairman of the Audit Committee.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Group's financial reporting system, internal control system and risk management system. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference of the Audit Committee are available on Company's website and the Stock Exchange's website.

The Audit Committee met two times during the year ended 31 December 2015 and the attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Li Fang	1/2
Mr. Wong Kee Fung Kenneth (appointed on 3 June 2015)	1/1
Mr. Wong Kwok Tai	2/2
Ms. Yang Qinyan (resigned on 3 June 2015)	1/1

The following is a summary of work performed by the Audit Committee during the year ended 31 December 2015:

1. Reviewed and approved the remuneration and terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the appointment of the Company's auditor;

2. reviewed and discussed the Group's management accounts; and

3. adoption of certain internal control policies in order to enhance the internal control system of the Group.

AUDITOR AND AUDITOR'S REMUNERATION

The consolidated financial statements of the Company for the year ended 31 December 2015 have been audited by Deloitte Touche Tohmatsu ("DTT"). The statement of the external auditor of the Company about its reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2015 is set out in the section headed "Independent Auditor's Report" on pages 39 to 40 of this annual report.

During the year ended 31 December 2015, the following fees were paid or payable to DTT, the auditor of the Company, Deloitte & Touche Financial Advisory Services Ltd. ("DTFAS") and Deloitte & Touche Corporate Finance Ltd. ("DTCF"):

	HK$'000
Fee for audit services *(Note a)*	1,600
Fee for non-audit services *(Note b)*	8,509
Total	10,109

Notes:

(a) The audit services provided by DTT.

(b) The amount included HK$5.1 million, HK$3.0 million of financial advisory service provided by DTFAS and DTCF respectively.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2015 and are not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Company's ability to continue as a going concern. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

CORPORATE GOVERNANCE FUNCTIONS

In order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee, which include (i) developing and reviewing policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of directors and senior management; (iii) reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

INTERNAL CONTROL

The Board recognises its responsibilities for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests. An internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control system is set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or loss of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The Group has a positive attitude to internal controls improvements. For the purpose of strengthening its existing internal control system, the Company has appointed RSM Nelson Wheeler Consulting Limited ("RSM") to perform a review on the Group's internal control system based on the internal control framework as recommended by the Committee of Sponsoring Organizations of the Treadway Commission. The internal control review report (the "IC Review Report") has been issued by RSM in February 2014 after being reviewed by the Audit Committee and the management of the Company.

For the year ended 31 December 2015, the Board conducted a review of the effectiveness of the internal control system of the Group and confirmed that no material internal control deficiency was identified.

COMPANY SECRETARY

Mr. Lau On Kwok ("Mr. Lau") was appointed as the Company Secretary of the Company on 10 November 2014. Mr. Lau is a full time employee of the Company who has day-to-day knowledge of the Company. Mr. Lau has taken no less than 15 hours of the relevant professional training during the year ended 31 December 2015.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

According to bye-law 58 of the Company's Bye-laws, 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 Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

Procedures for shareholders to put forward proposals at general meetings

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or not less than one hundred shareholders, can request the Company in writing to:

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

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

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

SHAREHOLDERS' RIGHTS (Continued)

Procedures for shareholders to propose a person for election as a director of the Company

According to bye-law 88 of the Company's Bye-laws, no person other than a director retiring at the general meeting of the Company shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting of the Company unless a notice in writing of the intention to propose such person for election as a director, signed by a shareholder of the Company (other than the person to be proposed for election as a director) duly qualified to attend and vote at the general meeting of the Company for which such notice is given, and a notice in writing signed by such person of his/her willingness to be elected shall have been lodged at the Company's head office in Hong Kong or at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Rooms 2202-2203, 22/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, constitutional documents, notices, announcements and circulars and the Company's website at www.winshine.com and www.tricor.com.hk/webservice/000209. Information on the Company's website will be updated from time to time.

Deloitte.
德勤

TO THE SHAREHOLDERS OF
WINSHINE SCIENCE COMPANY LIMITED
瀛晟科學有限公司
(FORMERLY KNOWN AS WINSHINE ENTERTAINMENT & MEDIA HOLDING COMPANY LIMITED
中國瀛晟娛樂傳媒控股有限公司)
(incorporated in the Bermuda with limited liability)

We have audited the consolidated financial statements of Winshine Science Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 41 to 119, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

31 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	NOTES	**2015 HK$'000**	2014 HK$'000
Continuing operations			
Revenue	6	**247,732**	422,953
Cost of sales		**(220,459)**	(412,261)
Gross profit		**27,273**	10,692
Other income and gain	7	**11,100**	7,629
Selling and distribution costs		**(8,025)**	(13,045)
Administrative expenses		**(123,604)**	(87,280)
Changes in fair value of trading securities		**(18,238)**	(17,553)
Other operating expenses		**(12,954)**	(11,323)
Finance costs	9	**(5,971)**	(5,643)
Loss before taxation from continuing operations	8	**(130,419)**	(116,523)
Income tax expense	12	**(2,842)**	(1,873)
Loss for the year from continuing operations		**(133,261)**	(118,396)
Discontinued operation			
Loss for the year from discontinued operation	13	**–**	(3,622)
Loss for the year		**(133,261)**	(122,018)
Attributable to:			
Owners of the Company		**(133,261)**	(120,853)
Non-controlling interests		**–**	(1,165)
		(133,261)	(122,018)
Loss per share			
From continuing and discontinued operations			
Basic and diluted	15	**(HK5.71 cents)**	(HK6.67 cents)
From continuing operations			
Basic and diluted	15	**(HK5.71 cents)**	(HK6.53 cents)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Loss for the year		**(133,261)**	(122,018)
Other comprehensive (loss) income			
Items that will not be reclassified to profit or loss:			
Revaluation (deficit) surplus on leasehold buildings	*16*	**(1,006)**	2,609
Deferred tax (charge) credit arising from revaluation (deficit) surplus on leasehold buildings	*30*	**(264)**	42
		(1,270)	2,651
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(9,112)**	(1,451)
Cumulative exchange differences relating to foreign operation disposed of during the year	*38*	**49**	(21,543)
		(9,063)	(22,994)
Other comprehensive loss for the year, net of tax		**(10,333)**	(20,343)
Total comprehensive loss for the year		**(143,594)**	(142,361)
Total comprehensive loss attributable to:			
Owners of the Company		**(143,594)**	(141,020)
Non-controlling interests		**–**	(1,341)
		(143,594)	(142,361)

Consolidated Statement of Financial Position

As at 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	**118,875**	121,494
Prepaid land premiums	17	**4,397**	4,547
Refundable deposits	20	**–**	100,000
Deposit paid for purchase of property, plant and equipment		**12,500**	–
		135,772	226,041
Current assets			
Trading securities	21	**255,992**	14,232
Inventories	22	**37,362**	78,425
Prepaid land premiums	17	**152**	152
Trade receivables	23	**27,159**	56,390
Loan receivables	24	**48,000**	–
Prepayments, deposits and other receivables	25	**32,623**	9,051
Pledged bank deposits	26	**12,649**	2,997
Cash and cash equivalents	26	**26,005**	145,879
		439,942	307,126
Current liabilities			
Trade and bills payables	27	**48,286**	68,077
Other payables and accruals	28	**26,471**	35,827
Borrowings	29	**100,329**	112,503
Tax payables		**4,270**	3,382
		179,356	219,789
Net current assets		**260,586**	87,337
Total assets less current liabilities		**396,358**	313,378
Non-current liabilities			
Deferred tax liabilities	30	**7,461**	7,569
Net assets		**388,897**	305,809

Consolidated Statement of Financial Position

As at 31 December 2015

	NOTE	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	31	**248,489**	202,369
Reserves		**140,408**	103,440
Total equity		**388,897**	305,809

The financial statements on pages 41 to 119 were approved and authorised for issue by the directors on 31 March 2016 and are signed on its behalf by:

Gao Feng
Executive Director and Chairman

Zhang Jack Jiyei
Executive Director and Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Issued share capital HK$'000	Share premium HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000 (Note)	Share options reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Equity attributable to the owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014	168,641	684,503	49,564	10,942	–	62,157	(622,776)	353,031	(15,131)	337,900
Loss for the year	–	–	–	–	–	–	(120,853)	(120,853)	(1,165)	(122,018)
Other comprehensive income (loss)	–	–	2,651	–	–	(22,818)	–	(20,167)	(176)	(20,343)
Total comprehensive income (loss) for the year	–	–	2,651	–	–	(22,818)	(120,853)	(141,020)	(1,341)	(142,361)
Issue of shares	33,728	35,414	–	–	–	–	–	69,142	–	69,142
Transaction costs attributable to issue of shares	–	(1,844)	–	–	–	–	–	(1,844)	–	(1,844)
Revaluation reserve realised	–	–	(1,562)	–	–	–	1,562	–	–	–
Appropriation to statutory reserve fund	–	–	–	347	–	–	(347)	–	–	–
Disposal of subsidiaries *(note 38)*	–	–	–	(2,940)	–	–	2,940	–	16,472	16,472
Recognition of equity-settled share-based payments *(note 32)*	–	–	–	–	26,500	–	–	26,500	–	26,500
At 31 December 2014 and 1 January 2015	**202,369**	**718,073**	**50,653**	**8,349**	**26,500**	**39,339**	**(739,474)**	**305,809**	**-**	**305,809**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(133,261)**	**(133,261)**	**-**	**(133,261)**
Other comprehensive loss	**-**	**-**	**(1,270)**	**-**	**-**	**(9,063)**	**-**	**(10,333)**	**-**	**(10,333)**
Total comprehensive loss for the year	**-**	**-**	**(1,270)**	**-**	**-**	**(9,063)**	**(133,261)**	**(143,594)**	**-**	**(143,594)**
Issue of shares	**40,000**	**120,000**	**-**	**-**	**-**	**-**	**-**	**160,000**	**-**	**160,000**
Transaction costs attributable to issue of shares	**-**	**(4,812)**	**-**	**-**	**-**	**-**	**-**	**(4,812)**	**-**	**(4,812)**
Share option exercised	**6,120**	**24,921**	**-**	**-**	**(10,647)**	**-**	**-**	**20,394**	**-**	**20,394**
Revaluation reserve realised	**-**	**-**	**(1,562)**	**-**	**-**	**-**	**1,562**	**-**	**-**	**-**
Appropriation to statutory reserve fund	**-**	**-**	**-**	**396**	**-**	**-**	**(396)**	**-**	**-**	**-**
Recognition of equity-settled share-based payments *(note 32)*	**-**	**-**	**-**	**-**	**51,100**	**-**	**-**	**51,100**	**-**	**51,100**
At 31 December 2015	**248,489**	**858,182**	**47,821**	**8,745**	**66,953**	**30,276**	**(871,569)**	**388,897**	**-**	**388,897**

Note:

The Group's People's Republic of China ("PRC") subsidiaries are required to allocate at least 10% of net profit according to their PRC audited financial statements to a statutory reserve fund until the balance of such reserve has reached 50% of the subsidiaries' registered capital. Any further appropriation is optional. The statutory reserve fund shall only be used for making up losses or for capitalisation into share capital, provided that the remaining balance is not less than 20% of the registered capital of the entity after such capitalisation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Operating activities			
Loss before taxation		**(130,419)**	(120,167)
Adjustments for:			
Finance costs		**5,971**	5,643
Interest income		**(5,538)**	(1,309)
Amortisation of intangible assets		**–**	90
Amortisation of prepaid land premiums		**150**	152
Depreciation of property, plant and equipment		**5,363**	11,098
Fair value loss on derivative financial instruments		**–**	3,109
Unrealised loss on fair value of trading securities		**3,007**	2,513
Equity-settled share-based payments		**51,100**	26,500
Loss on disposal of property, plant and equipment		**894**	192
Loss on disposal of intangible asset		**–**	71
Gain on disposal of subsidiaries	*38*	**(837)**	(2,960)
Impairment loss on goodwill		**–**	834
Impairment loss on property, plant and equipment		**–**	7,084
Impairment loss on trade receivables		**1,893**	–
Write down of inventories, net		**15,462**	21,066
Operating loss before changes in working capital		**(52,954)**	(46,084)
Decrease (increase) in inventories		**19,352**	(8,701)
Decrease (increase) in trade receivables		**27,338**	(38,123)
Increase in prepayments, deposits and other receivables		**(20,701)**	(1,811)
(Decrease) increase in trade payables		**(19,750)**	45,002
(Decrease) increase in other payables and accruals		**(9,037)**	7,492
(Increase) decrease in trading securities		**(244,767)**	86,422
Changes in derivative financial instrument		**–**	(3,109)
Cash (used in) generated from operations		**(300,519)**	41,088
Interest received		**2,666**	1,309
Interest paid		**(5,971)**	(5,643)
Income tax paid		**(2,247)**	(2,958)
Net cash (used in) from operating activities		**(306,071)**	33,796

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Investing activities			
Purchases of property, plant and equipment		**(5,768)**	(2,675)
Proceeds from disposal of property, plant and equipment		**364**	3,426
Proceeds from disposal of intangible assets		**–**	379
Refundable deposits refunded (paid)	20	**100,000**	(100,000)
Disposal of subsidiaries	38	**(58)**	(14,726)
Advance of loan receivables		**(96,000)**	–
Receipt of loan receivables		**48,000**	–
Deposit paid for purchase of property, plant and equipment		**(12,500)**	–
(Placement of) withdrawal of pledged bank deposits		**(9,652)**	1,602
Net cash from (used in) investing activities		**24,386**	(111,994)
Financing activities			
Proceeds from borrowings		**335,649**	525,136
Repayment of borrowings		**(347,823)**	(492,700)
Proceeds from issue of shares		**160,000**	69,142
Transaction costs attributable to issue of shares		**(4,812)**	(1,844)
Proceeds from exercise of share options		**20,394**	–
Net cash from financing activities		**163,408**	99,734
Net (decrease) increase in cash and cash equivalents		**(118,277)**	21,536
Cash and cash equivalents at 1 January		**145,879**	125,439
Effect of foreign exchange rate changes		**(1,597)**	(1,096)
Cash and cash equivalents at 31 December		**26,005**	145,879
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents		**26,005**	145,879

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The address of the registered office and principal place of business of the Company are disclosed in the Corporation Information section of the annual report. The Company's shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to the special resolution of the Company dated 6 January 2016, the name of the Company has been changed from Winshine Entertainment & Media Holding Company Limited to Winshine Science Company Limited. The change of the name of the Company has been approved by the Registrar of Companies in Bermuda and became effective on 7 January 2016.

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 44.

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

2. STATEMENT OF COMPLIANCE

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

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The HKICPA has issued new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRSs

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
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 16 and HKAS 41	Agriculture: Bearer plants[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 HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidated exception[2]
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.

HKFRS 9 *"Financial instruments"*

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

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 9 "*Financial instruments*" (Continued)

Key requirements of HKFRS 9 are described below:

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

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

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "*Revenue from contracts with customers*"

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

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 15 "*Revenue from contracts with customers*" (Continued)

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

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

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars, rounded to the nearest thousand except for per share data.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain properties and financial instruments that are measured at fair values.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of the financial statements (Continued)

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

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

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

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

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

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly, other than quoted prices included within Level 1

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

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

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

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

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

Property, plant and equipment

Leasehold buildings, comprising buildings situated on operating leasehold land, are stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the asset revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Depreciation on revalued buildings is recognised in profit or loss. Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the asset revaluation reserve to retained profits.

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

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

Leasehold buildings	Over the remaining lease terms
Leasehold improvements	10% to 33%
Plant and machinery	10% to 15%
Furniture, fixtures and office equipment	15% to 20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis between the parts and each part is depreciated separately. The estimated useful life of an asset, its residual value, if any, and depreciation method are reviewed at the end of each reporting period.

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

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets (Continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Leases

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

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

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the lease terms.

Prepaid land premiums under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as being held under a finance lease and accounted for in accordance with the accounting policies for property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular way purchase and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated and effective as hedges. Financial assets carried at fair value through profit or loss are initially recognised at fair value.

Gains or losses arising on remeasurement of the fair value of "financial assets at fair value through profit or loss" are recognised in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss as part of revenue when the Group's right to receive payments is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise refundable deposits, trade receivables, loan receivables, deposits and other receivables, pledged bank deposits and cash and cash equivalents. Loans and receivables are subsequently carried at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that, as a result of one or more events that has occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty; or, default or delinquency in interest or principal payments; or it becoming probable that they will enter bankruptcy or other financial reorganisation; or observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

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

Financial liabilities and equity instruments

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

Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities include trade and bills payables, other payables and borrowings are subsequently measured at amortised cost using effective interest method. The Group determines the classification of its financial liabilities at initial recognition.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income. Unless the derivative is designated and effective as a hedging instrument, in which case the timing of recognition in profit or loss depends on the nature of the hedge relationship.

Inventories

Inventories are carried at the lower of cost and net realisable value.

Costs of inventories are determined on a weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

Taxation

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group; when the revenue can be measured reliably; and the costs incurred or to be incurred in respect of the transaction can be measured reliably, on the following bases:

(a) 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 continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually taken as the time when the goods are delivered and titles have passed;

(b) mould income from the manufacture of moulds for customers is recognised upon completion of the production;

(c) rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned;

(d) interest income is recognised on an accrual basis using the effective interest method;

(e) subcontracting income are recognised when services are rendered.

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries accordance with the rules of the MPF Scheme and are recognised as an expense when employees have rendered services entitling them to the contribution payable in.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain amounts for the employees in the PRC, pursuant to the local municipal government regulations. The contributions are recognised as an expense when employees have rendered services entitling them to the contribution.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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 equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

As at the end of the reporting period, the assets and liabilities of the foreign operations are translated into the presentation currency of the Group at the exchange rates prevailing at the end of the reporting period and income and expense items are translated at the average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve (attributed to non-controlling interest as appropriate). On disposal of a foreign operation, all of the exchange differences accumulated in equity relating to that particular foreign operation is recognised in profit or loss.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and

- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, the assets or disposal group constituting the discontinued operation.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimate fair value of leasehold buildings

The Group's leasehold buildings are stated at valuation less accumulated depreciation in accordance with the accounting policies stated in note 4. The valuations of the leasehold buildings are determined by an independent firm of professional valuers, as set out in note 16. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. As at 31 December 2015, the carrying amount of the Group's leasehold buildings is HK$100,800,000 (2014: HK$105,200,000).

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment loss is recognised for the amount by which the respective recoverable amount of property, plant and equipment is lower than its carrying amount. Due to the Group's continuous losses of the manufacturing and trading of toys segment, the management conducted impairment assessments of the Group's property, plant and equipment, which are used in the Group's manufacturing and trading of toys segment. Based on an analysis of recoverable amounts of property, plant and equipment determined based on their fair value less costs of disposal, the Group recognised impairment loss in respect of property, plant and equipment amounting to HK$7,000,000 to profit or loss during the year ended 31 December 2014. No further impairment has been made during the year ended 31 December 2015. It is possible that actual outcomes may be different from assumptions, having a material impact on the carrying amount of property, plant and equipment in the period when such estimate is revised. As at 31 December 2015, the carrying amounts of property, plant and equipment included in the manufacturing and trading of toys segment are approximately HK$118,245,000 (2014: HK$121,431,000).

Impairment of receivables

The policy for making allowance for impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer debtor. If the financial conditions of the customers debtors of the Group deteriorate thus resulting in impairment as to their ability to make payments, additional allowance for impairment may be required. If the financial conditions of the customers debtors of the Group, on whose account allowance for impairment has been made, were improved and no impairment of their ability to make payments were noted, reversal of allowance for impairment may be required. As at 31 December 2015, the carrying amount of the Group's trade receivable is HK$27,159,000 (2014: HK$56,390,000).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Collectability of loan receivables

When there is objective evidence of impairment loss on loan receivables, the Group estimates the future cash flows of loan receivables for impairment testing purpose. The amount of the impairment loss is measured as the difference between the loan receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise in future financial periods. The aggregate carrying value of loan receivables at 31 December 2015 was HK$48,000,000 (2014: nil).

Write down of inventories

The management of the Group reviews the inventories at the end of the reporting period and makes allowance for write down of obsolete, slow-moving and defective items. The management estimates the net realisable value for such inventories based primarily on the expected future market conditions and the estimated selling price. The Group makes allowance for write down if the net realisable value is below the carrying amount. During the year ended 31 December 2015, there was a write down of inventories of approximately HK$15,462,000 (2014: HK$21,066,000). As at 31 December 2015, the carrying amount of the Group's inventories is HK$37,362,000 (2014: HK$78,425,000).

6. REVENUE AND SEGMENT REPORTING

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	2015 ***HK$'000***	2014 *HK$'000*
Continuing operations		
Revenue		
Sale of goods	**247,732**	422,953

6. REVENUE AND SEGMENT REPORTING (Continued)

The Group is organised and its businesses are managed by divisions, which are a mixture of both business lines and geographical location. However, based on the information that is reported internally to the executive directors of the Company, being the chief operating decision maker of the Group, for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividends received from equity securities investments.

2. Manufacturing and trading of toys: this segment derives its revenue from manufacturing and trading of toys (the "Toys Segment").

During the year ended 31 December 2014, as described in note 38(b), the Group disposed of its manufacturing and sale of beverage products segment (the "Beverage Segment"). The Beverage Segment was classified as discontinued operation as described in note 13.

In accordance with HKFRS 8, segment information disclosed in these consolidated financial statements has been prepared in a manner consistent with the information used by the chief operating decision maker for the purposes of assessing segment performance and allocating resources among segments. In this regard, the chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

All assets are allocated to reportable segments other than refundable deposits, deposit paid for purchase of property, plant and equipment, loan receivables, certain property, plant and equipment, certain prepayments and certain cash and cash equivalents, which are grouped as unallocated corporate assets.

All liabilities are allocated to reportable segments other than certain accruals, which are grouped as unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated interest income and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

6. REVENUE AND SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

For the year ended 31 December 2015 and 2014

	Continuing operations					
	Securities investments		Manufacturing and trading of toys		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Reportable segment revenue						
Revenue from external customers	–	–	247,732	422,953	247,732	422,953
Reportable segment loss before taxation	(19,882)	(17,543)	(24,175)	(56,213)	(44,057)	(73,756)
Unallocated corporate income					5,901	638
Unallocated corporate expenses					(92,263)	(43,405)
Loss before taxation from continuing operations					(130,419)	(116,523)
Other segment information (included in the measure of segment profit or loss or regularly provided to chief operating decision maker)						
Depreciation of property, plant and equipment	–	–	(5,157)	(9,445)	(5,157)	(9,445)
Amortisation of prepaid land premiums	–	–	(150)	(152)	(150)	(152)
Impairment loss of goodwill	–	–	–	(834)	–	(834)
Impairment loss of property, plant and equipment	–	–	–	(7,084)	–	(7,084)
Impairment loss of trade receivables	–	–	(1,893)	–	(1,893)	–
Write down of inventories, net	–	–	(15,462)	(21,066)	(15,462)	(21,066)
(Loss) gain on disposal of property, plant and equipment, net	–	–	(883)	167	(883)	167
Changes in fair value of trading securities	(18,238)	(17,553)	–	–	(18,238)	(17,553)
Bank interest income	2	36	34	47	36	83
Interest expense	–	–	(5,971)	(5,643)	(5,971)	(5,643)
Addition to non-current assets						
Property, plant and equipment	–	–	3,891	2,648	3,891	2,648

6. REVENUE AND SEGMENT REPORTING (Continued)

(b) Reconciliation of reportable segment, assets and liabilities

As at 31 December 2015

	Continuing operations		
	Securities investments *HK$'000*	Manufacturing and trading of toys *HK$'000*	Total *HK$'000*
Reportable segment assets	**267,936**	**218,890**	**486,826**
Unallocated corporate assets			**88,888**
Total assets			**575,714**
Reportable segment liabilities	**–**	**(176,225)**	**(176,225)**
Unallocated corporate liabilities			**(10,592)**
Total liabilities			**(186,817)**

As at 31 December 2014

	Continuing operations		
	Securities investments *HK$'000*	Manufacturing and trading of toys *HK$'000*	Total *HK$'000*
Reportable segment assets	14,899	298,794	313,693
Unallocated corporate assets			219,474
Total assets			533,167
Reportable segment liabilities	–	(221,334)	(221,334)
Unallocated corporate liabilities			(6,024)
Total liabilities			(227,358)

Note: There were no inter-segment sales in both years.

6. REVENUE AND SEGMENT REPORTING (Continued)

(c) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from continuing operations and (ii) the Group's non-current assets include property, plant and equipment and prepaid land premiums. The geographical location of customers refers to the customers' place of domicile. The geographical locations of property, plant and equipment and prepaid land premiums are based on the physical location of the asset under consideration.

	Revenue from continuing operations		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**39,792**	93,567	**3,991**	2,901
The PRC	**–**	–	**119,281**	123,140
United States and Canada	**161,361**	302,047	**–**	–
Japan and Europe	**46,579**	27,339	**–**	–
	247,732	422,953	**123,272**	126,041

(d) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue from manufacturing and trading of toys		
The largest customer	**74,379**	152,260
Second largest customer	**43,712**	24,047
Third largest customer	**33,979**	63,750

7. OTHER INCOME AND GAIN

	2015 HK$'000	2014 HK$'000
Continuing operations		
Bank interest income	**36**	83
Other interest income	**5,502**	390
Gain on disposal of a subsidiary *(note 38(a))*	**837**	–
Mould income	**2,292**	3,293
Sublet rental income *(note 37(b))*	**–**	260
Subcontracting income *(note 37(b))*	**–**	575
Sundry income	**2,433**	3,028
	11,100	7,629

8. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

The Group's loss before taxation from continuing operations is arrived at after charging (crediting) the following:

	Notes	2015 HK$'000	2014 HK$'000
Continuing operations			
Employee benefit expense (including directors' remuneration):			
Wages and salaries		**116,741**	148,137
Other employee benefits		**5,400**	3,891
Contributions to defined contribution retirement plans		**10,238**	11,946
Equity-settled share-based payments		**7,591**	11,289
		139,970	175,263
Auditors' remuneration		**1,600**	1,500
Cost of inventories		**200,641**	388,337
Equity-settled share-based payments to other participants		**43,509**	15,211
Depreciation of property, plant and equipment		**5,363**	9,557
Amortisation of prepaid land premiums		**150**	152
Impairment loss on goodwill		**–**	834
Impairment loss on property, plant and equipment	*16*	**–**	7,084
Impairment loss on trade receivables		**1,893**	–
Net foreign exchange (gain) loss		**(102)**	244
Write down of inventories, net (included in cost of sales)		**15,462**	21,066
Fair value loss on derivative financial instruments		**–**	3,109
Loss on disposal of property, plant and equipment, net		**894**	180
Operating lease charges in respect of land and buildings		**5,260**	5,882

9. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Continuing operations		
Interest on borrowings	**5,971**	5,643

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' remuneration disclosed pursuant to the Hong Kong Companies Ordinance and chief executive's remuneration for the year, are as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total remuneration HK$'000
2015					
Executive directors:					
Mr. Gao Feng	–	2,468	18	859	3,345
Ms. Liu Ying *(Note i)*	–	662	–	–	662
Mr. Zhang Jack Jiyei	–	8,458	18	859	9,335
Mr. Wu Jiang	–	1,569	18	2,302	3,889
	–	13,157	54	4,020	17,231

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total remuneration HK$'000
Independent non-executive directors:					
Mr. Wong Kee Fung Kenneth *(Note ii)*	55	–	–	–	55
Mr. Wong Kwok Tai	96	–	–	–	96
Mr. Li Fang	96	–	–	35	131
Ms. Yang Qinyan *(Note i)*	41	–	–	–	41
	288	–	–	35	323

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total remuneration HK$'000
Non-executive directors:					
Mr. Lo Ming Chi, Charles	120	–	6	–	126
Ms. Chan Yuk Yee *(Note iii)*	32	–	2	–	34
	152	–	8	–	160

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company and its subsidiaries.

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Total remuneration HK$'000
Total	440	13,157	62	4,055	17,714

Notes:

(i) Resigned on 3 June 2015.
(ii) Appointed on 3 June 2015.
(iii) Resigned on 8 April 2015.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total remuneration *HK$'000*
2014					
Executive directors:					
Mr. Gao Feng *(Note i)*	–	264	11	2,640	2,915
Ms. Liu Ying *(Note ii)*	–	155	–	2,640	2,795
Mr. Zhang Jack Jiyei *(Note iii)*	–	1,054	3	2,640	3,697
Mr. Wu Jiang *(Note iv)*	–	197	11	1,741	1,949
Ms. Danita On *(Note v)*	–	164	8	–	172
Ms. Wang Jingyu *(Note vi)*	–	155	8	–	163
	–	1,989	41	9,661	11,691

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total remuneration *HK$'000*
Independent non-executive directors:					
Mr. Kwok Ming Fai *(Note vi)*	83	–	–	–	83
Mr. Wong Kwok Tai	95	–	–	–	95
Ms. Leung Pik Har, Christine *(Note vi)*	83	–	–	–	83
Mr. Li Fang *(Note vii)*	13	–	–	264	277
Ms. Yang Qinyan *(Note vii)*	13	–	–	264	277
	287	–	–	528	815

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total remuneration *HK$'000*
Non-executive directors:					
Mr. Sue Ka Lok *(Note viiii)*	109	–	–	–	109
Mr. Lo Ming Chi, Charles *(Note ix)*	130	–	7	–	137
Ms. Chan Yuk Yee	130	–	7	–	137
	369	–	14	–	383

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company and its subsidiaries.

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total remuneration *HK$'000*
Total	656	1,989	55	10,189	12,889

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

Notes:

(i) Appointed on 18 June 2014 and is the Acting Chairman of the Board.
(ii) Appointed on 27 November 2014 and is the Acting Chief Executive Officer of the Group.
(iii) Appointed on 4 November 2014 and is the Chief Financial Officer of the Group.
(iv) Appointed on 1 August 2014.
(v) Resigned on 18 June 2014.
(vi) Resigned on 10 November 2014.
(vii) Appointed on 10 November 2014.
(viii) Resigned on 27 November 2014.
(ix) Re-designated as Non-executive director on 10 November 2014.

As at 31 December 2015 and 2014, the directors held share options under the Company's share option scheme (note 32).

There was no arrangement under which a director has waived or agreed to waive any remuneration for the years ended 31 December 2015 and 2014.

No remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for the loss of office for the years ended 31 December 2015 and 2014.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2014: four) directors, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining two (2014: one) individuals were as follows:

	THE GROUP	
	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,962**	1,992
Retirement scheme contributions	**70**	50
Share-based payments	**2,020**	–
	5,052	2,042

11. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	No. of individuals	
	2015	2014
HK$1,000,001 to HK$1,500,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–

For the years ended 31 December 2015 and 2014, no remuneration was paid by the Group to such individuals as an inducement to join or upon joining the Group or as compensation for the loss of office.

12. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss represents:

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong – current income tax	**900**	–
The PRC		
– current income tax	**1,700**	1,701
– underprovision in prior year	**32**	–
Withholding tax paid during the year	**555**	–
	3,187	1,701
Deferred tax (credit) charge (note 30)	**(345)**	172
Income tax expense	**2,842**	1,873

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The tax affairs of a subsidiary (incorporated in Hong Kong) of the Group for the period starting from 1 January 2004 are currently under field audit by the Hong Kong Inland Revenue Department ("IRD"). The directors, after consultation with the subsidiary's tax advisers, consider that the IRD is still in the information gathering stage and it is premature to quantify the amount of potential liabilities of the subsidiary, if any, that may arise.

12. INCOME TAX EXPENSE (Continued)

Enterprise Income Tax ("EIT") in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2014: 25%).

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% is applied to the Group as there is a double tax treaty between the PRC and Hong Kong and the relevant Hong Kong companies should be qualified for the preferential tax rate based on the prescribed conditions.

The Group is therefore liable to withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

Reconciliation between income tax expense and loss before taxation from continuing operations at the applicable tax rates:

	2015 ***HK$'000***	2014 *HK$'000*
Loss before taxation from continuing operations	**(130,419)**	(116,523)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(19,499)**	(20,806)
Tax effect of unused tax losses not recognised	**14,623**	11,864
Tax effect of non-taxable income	**(676)**	(163)
Tax effect of non-deductible expenses	**11,020**	7,026
Tax effect of unrecognised temporary differences	**189**	3,780
Utilisation of deductible temporary differences previously not recognised	**(2,804)**	–
Effect of withholding tax at 5% on the distributable profits of the Company's subsidiaries in the PRC	**210**	172
Underprovision of prior year's provision	**32**	–
Utilisation of tax losses previously not recognised	**(253)**	–
Income tax expense	**2,842**	1,873

13. DISCONTINUED OPERATION

During the year ended 31 December 2014, the Group entered into a disposal agreement to dispose of the Beverage Segment at a consideration of HK$65,000,000. The disposal was completed on 15 September 2014. Details of the disposal are disclosed in note 38(b).

The loss from the discontinued operation which has been included in the consolidated statement of profit or loss and consolidated statement of cash flows are set out below:

	1.1.2014 to 15.9.2014 *HK$'000*
Loss for the year from discontinued operation	
Revenue	3,103
Cost of sales	(2,247)
Gross profit	856
Other income and gain	823
Selling and distribution costs	(398)
Administrative expenses	(7,713)
Other operating expenses	(172)
Loss before taxation	(6,604)
Income tax credit	22
Loss after taxation	(6,582)
Gain on disposal of subsidiaries (note 38(b))	2,960
Loss for the year from discontinued operation	(3,622)
Loss for the year from discontinued operation attributable to:	
Owners of the Company	(2,457)
Non-controlling interests	(1,165)
	(3,622)
Loss for the year from discontinued operation is arrived at after charging (crediting):	
Depreciation of property, plant and equipment	1,541
Amortisation of intangible assets	90
Loss on disposal of property, plant and equipment	12
Bank interest income	(836)
Cash flows from discontinued operation	
Net cash used in operating activities	(2,040)
Net cash generated from investing activities	1,517
Net cash outflows from discontinued operation	(523)

14. DIVIDENDS

No dividend was paid or proposed by the directors for both years nor has any dividend been proposed since the end of the reporting period.

15. LOSS PER SHARE

From continuing and discontinued operations

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

	2015 HK$'000	2014 HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(133,261)**	(120,853)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,332,334**	1,811,156

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2015 HK$'000	2014 HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(133,261)**	(118,396)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,332,334**	1,811,156

From discontinued operation

For the year ended 31 December 2014, basic and diluted loss per share from the discontinued operation is HK0.14 cent per share, calculated based on the loss attributable to owners of the Company from the discontinued operation of HK$2,457,000 and the weighted average number of ordinary shares of 1,811,156,000.

The computation of diluted loss per share for the years ended 31 December 2015 and 2014 does not assume the exercise of share options granted by the Company since such assumed exercise would be anti-dilutive.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
2015						
At 1 January 2015						
Cost or valuation	105,200	1,088	62,420	31,649	4,675	205,032
Accumulated depreciation	–	(898)	(52,866)	(26,113)	(3,661)	(83,538)
Carrying amount	105,200	190	9,554	5,536	1,014	121,494
Year ended 31 December 2015						
Opening net carrying amount	105,200	190	9,554	5,536	1,014	121,494
Additions	–	1,015	1,930	2,415	894	6,254
Disposals	–	(211)	(579)	(398)	(70)	(1,258)
Deficit on revaluation	(1,006)	–	–	–	–	(1,006)
Depreciation	(3,394)	(93)	(998)	(729)	(149)	(5,363)
Exchange realignment	–	(17)	(752)	(438)	(39)	(1,246)
Closing net carrying amount	100,800	884	9,155	6,386	1,650	118,875
At 31 December 2015						
Cost or valuation	100,800	937	55,797	29,970	4,534	192,038
Accumulated depreciation	–	(53)	(46,642)	(23,584)	(2,884)	(73,163)
Carrying amount	100,800	884	9,155	6,386	1,650	118,875
Analysis of cost or valuation:						
At cost	–	937	55,797	29,970	4,534	91,238
At valuation	100,800	–	–	–	–	100,800
	100,800	937	55,797	29,970	4,534	192,038

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
2014						
At 1 January 2014						
Cost or valuation	105,900	5,020	138,832	33,917	6,447	290,116
Accumulated depreciation	–	(2,794)	(115,065)	(22,412)	(5,014)	(145,285)
Carrying amount	105,900	2,226	23,767	11,505	1,433	144,831
Year ended 31 December 2014						
Opening net carrying amount	105,900	2,226	23,767	11,505	1,433	144,831
Additions	–	–	1,175	826	674	2,675
Disposals	–	(722)	(2,779)	(33)	(84)	(3,618)
Surplus on revaluation	2,609	–	–	–	–	2,609
Depreciation	(3,309)	(273)	(3,917)	(3,193)	(406)	(11,098)
Disposal of subsidiaries *(note 38)*	–	(995)	(4,555)	(607)	(93)	(6,250)
Impairment loss recognised	–	(35)	(3,639)	(2,910)	(500)	(7,084)
Exchange realignment	–	(11)	(498)	(52)	(10)	(571)
Closing net carrying amount	105,200	190	9,554	5,536	1,014	121,494
At 31 December 2014						
Cost or valuation	105,200	1,088	62,420	31,649	4,675	205,032
Accumulated depreciation	–	(898)	(52,866)	(26,113)	(3,661)	(83,538)
Carrying amount	105,200	190	9,554	5,536	1,014	121,494
Analysis of cost or valuation:						
At cost	–	1,088	62,420	31,649	4,675	99,832
At valuation	105,200	–	–	–	–	105,200
	105,200	1,088	62,420	31,649	4,675	205,032

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) The carrying amounts of the leasehold buildings of the Group at 31 December 2015 would have been approximately HK$44,393,000 (2014: HK$45,873,000) had they been carried at cost less accumulated depreciation.

(b) At 31 December 2015, the Group's leasehold buildings in the PRC with carrying amounts of approximately HK$100,800,000 (2014: HK$105,200,000) were pledged to secure general banking facilities granted to the Group (note 29).

(c) The leasehold buildings situated in the PRC of HK$100,800,000 (2014: HK$105,200,000) are located on the leasehold land as disclosed in note 17.

(d) Due to the Group's recurring loss resulted in the Toys Segment, the directors of the Company conducted an impairment assessment of the Group's relevant assets at the end of the reporting period. The fair values less cost of disposal of the relevant assets were determined by reference to the depreciated replacement cost approach. The fair value measurement of the relevant assets are categorised as Level 3 fair value hierarchy as at 31 December 2015 and 2014. During the year ended 31 December 2014, an impairment loss on property, plant and equipment of HK$7,084,000 was recognised. No further impairment loss was recognised during the year ended 31 December 2015.

(e) Fair value measurement of leasehold buildings

Fair value hierarchy

The following table presents the fair value of the Group's leasehold buildings measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement.

	Fair value at 31 December 2015	**Fair value measurement as at 31 December 2015 categorised into**		
		Level 1	**Level 2**	**Level 3**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
THE GROUP				
Recurring fair value measurement				
Leasehold buildings in the PRC	100,800	–	–	100,800

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

(e) Fair value measurement of leasehold buildings (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2014	Fair value measurement as at 31 December 2014 categorised into		
		Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Recurring fair value measurement				
Leasehold buildings in the PRC	105,200	–	–	105,200

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: nil).

The Group's leasehold buildings were revalued at 31 December 2015 and 2014 by reference to a depreciated replacement cost basis calculated based on the current cost of replacement of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The valuations were carried out by an independent firm of surveyors, RHL Appraisal Limited, whose has among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's finance department had discussions with the surveyors on the valuation assumptions and valuation results when the valuation was performed at the annual reporting date.

Information about Level 3 fair value measurements

For the years ended 31 December 2015 and 2014

	Valuation techniques	**Unobservable input**	**Range**	**Weighted average**
Leasehold buildings in the PRC	Depreciated replacement cost approach	General increasing rate of construction cost	13% to 20%	16%

A significant increase in the general increasing rate of construction cost would result in a significant increase in fair value, and vice versa.

There has been no change to the valuation technique during the year.

In estimating the fair value of the properties, the highest and best use of the properties are their current use.

17. PREPAID LAND PREMIUMS

	2015 HK$'000	2014 HK$'000
Current portion	**152**	152
Non-current portion	**4,397**	4,547
	4,549	4,699

At 31 December 2015, the Group's prepaid land premiums in the PRC with carrying amounts of approximately HK$4,549,000 (2014: HK$4,699,000) were pledged to secure general banking facilities granted to the Group (note 29).

The leasehold land is held under a medium term lease and is situated in the PRC.

18. INTANGIBLES ASSETS

	Golf club membership HK$'000	Trademark HK$'000	Customer relationships HK$'000	Total HK$'000
COST				
At 1 January 2014	600	101,752	762	103,114
Disposal	(600)	–	–	(600)
Disposal of subsidiaries *(note 38(b))*	–	(100,909)	(756)	(101,665)
Exchange realignment	–	(843)	(6)	(849)
At 31 December 2014, 1 January 2015 and 31 December 2015	–	–	–	–
ACCUMULATED AMORTISATION				
At 1 January 2014	150	99,635	762	100,547
Amortisation	–	90	–	90
Disposal	(150)	–	–	(150)
Disposal of subsidiaries *(note 38(b))*	–	(98,899)	(756)	(99,655)
Exchange realignment	–	(826)	(6)	(832)
At 31 December 2014, 1 January 2015 and 31 December 2015	–	–	–	–
CARRYING AMOUNT				
At 31 December 2015	–	–	–	–
At 31 December 2014	–	–	–	–

19. GOODWILL

For the purpose of impairment testing, goodwill is allocated to the cash-generating units ("CGUs") identified according to operating segments as follows:

	Beverage segment *HK$'000*	**Toys segment** *HK$'000*	**Total** *HK$'000*
COST			
At 1 January 2014	352,231	834	353,065
Disposal of subsidiaries *(note 38(b))*	(349,312)	–	(349,312)
Exchange realignment	(2,919)	–	(2,919)
At 31 December 2014, 1 January 2015 and 31 December 2015	–	834	834
ACCUMULATED IMPAIRMENT LOSS			
At 1 January 2014	352,231	–	352,231
Disposal of subsidiaries *(note 38(b))*	(349,312)	–	(349,312)
Impairment loss	–	834	834
Exchange realignment	(2,919)	–	(2,919)
At 31 December 2014, 1 January 2015 and 31 December 2015	–	834	834
CARRYING AMOUNT			
At 31 December 2015	–	–	–
At 31 December 2014	–	–	–

Impairment loss of HK$834,000 was recognised during the year ended 31 December 2014 in relation to the losses incurred in the Toys Segment.

20. REFUNDABLE DEPOSITS

On 18 November 2014, the Group entered into the framework agreement with two independent individuals who are the shareholders of Ankai (Tianjin) Holding Cp., Ltd. ("Ankai Tianjin"). Ankai Tianjin is principally engaged in insurance brokerage and media businesses. Pursuant to the framework agreement, the Group conditionally agreed to acquire the entire right of control and economic interests of Ankai Tianjin through structured contracts at a cash consideration of HK$120,000,000. Refundable deposits of HK$100,000,000 were paid to the two independent individuals.

As certain conditions precedent in the framework agreement have not been fulfilled or complied with, the parties to the framework agreement have agreed that the acquisition will not proceed to completion and entered into a termination agreement on 24 July 2015. The refundable deposits of HK$100,000,000 was refunded to the Group during the year ended 31 December 2015.

21. TRADING SECURITIES

	2015	2014
	HK$'000	*HK$'000*
Listed equity securities, at fair value	**255,992**	14,232

22. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**8,763**	27,861
Work in progress	**15,370**	32,168
Finished goods	**13,229**	18,396
	37,362	78,425

23. TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**27,159**	56,390

Ageing analysis

The following is an analysis of the trade receivables by age, presented based on the invoice date which is approximate to the revenue recognition date and net of allowance:

	2015 HK$'000	2014 HK$'000
0 to 30 days	**19,816**	26,839
31 to 90 days	**7,023**	25,399
Over 90 days	**320**	4,152
	27,159	56,390

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

Impairment of trade receivables

The movement in allowance for impairment of trade receivables is as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**–**	3,928
Disposal of subsidiaries *(note 38(b))*	**–**	(3,895)
Exchange realignment	**–**	(33)
At 31 December	**–**	–

At the end of the reporting period, the Group reviews trade receivables for evidence of impairment on both an individual and a collective basis. The impairment on receivables are recognised based on the credit history of its customers, indication of financial difficulties, default in payments, and current market conditions. At the end of the reporting period, none of the trade receivables of the Group were individually determined to be impaired due to financial difficulties of the customer except for an amount of HK$1,893,000 (2014: nil) due from two customers.

23. TRADE RECEIVABLES (Continued)

Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**23,957**	46,570
Past due but not impaired		
Less than 1 month past due	**2,882**	7,039
1 to 3 months past due	**180**	2,781
Over 3 months	**140**	–
	27,159	56,390

Trade receivables that were neither past due nor impaired related to diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The disclosures for factoring of financial assets relating to trade receivables factoring arrangements are provided in note 41.

24. LOAN RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**48,000**	–

During the year ended 31 December 2015, the Group entered into loan agreements with independent third parties (the "Borrowers"). The loans carry interest at a fixed rate of 8% per annum and are repayable in six months. At the end of the reporting period, the loan receivables were past due but not impaired. Subsequent to 31 December 2015, the Group has agreed with the Borrowers to extend the maturity of the loan receivables by six to seven months from the original maturity date until May to June 2016.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Other receivables	**18,830**	7,099
Deposits	**12,930**	19
Prepayment	**863**	1,933
	32,623	9,051

26. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

At 31 December 2015, the cash and bank balances and pledged deposits of the Group denominated in Renminbi amounted to approximately HK$3,073,000 (2014: HK$14,255,000) and HK$12,649,000 (2014: nil) respectively. Renminbi is not freely convertible into other currencies. However, subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

Bank balances carried interest rates which ranged from 0.001% to 0.300% per annum (2014: 0.001% to 0.385% per annum). The bank balances were deposited with creditworthy banks with no recent history of default.

Pledged bank deposits represented deposits pledged to banks to secure banking facilities and bank borrowings granted to the Group. As at 31 December 2015, deposits amounting to HK$12,649,000 (2014: HK$2,997,000) were pledged to secure bank borrowings (note 29). The pledged bank deposits would be released upon the settlement of relevant bank borrowings.

The interest rates on the pledged bank deposits was 0.001% per annum (2014: 0.001% per annum).

27. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables as at 31 December 2015 is as follows:

	2015 *HK$'000*	2014 *HK$'000*
0 to 30 days	**20,366**	18,292
31 to 90 days	**10,504**	35,427
Over 90 days	**17,416**	14,358
	48,286	68,077

Note: The trade and bills payables are expected to be settled within one year.

28. OTHER PAYABLES AND ACCRUALS

	2015 *HK$'000*	2014 *HK$'000*
Accrued staff cost	**5,867**	13,593
Other payables	**11,340**	8,259
Receipt in advance	**6,176**	10,820
Amounts due to directors	**–**	130
Accruals	**3,088**	3,025
	26,471	35,827

The amounts due to directors are unsecured, interest-free and has no fixed terms of repayment.

29. BORROWINGS

	2015		2014	
	Contractual interest rate (%)	***HK$'000***	Contractual interest rate (%)	*HK$'000*
Current				
Bank loans – secured	**Fixed rates of 3.2% to 6.4% per annum**	**90,329**	Fixed rates of 4.3% to 5.3% per annum	107,770
Bank loans – secured	**N/A**	**–**	2.5% per annum over 3 months London Interbank Offered Rate	4,733
Other loans – unsecured	**Fixed rates of 10% per annum**	**10,000**	N/A	–
		100,329		112,503

The above loans are repayable within one year and carried at amortised costs.

Notes:

(a) The Group's bank borrowings were secured by:

(i) mortgage over the Group's leasehold buildings (note 16) and prepaid land premiums (note 17) with aggregate carrying amount of approximately HK$100,800,000 (2014: HK$105,200,000) and approximately HK$4,549,000 (2014: HK$4,699,000) respectively;

(ii) pledge over the Group's bank deposits (note 26) of approximately HK$12,649,000 (2014: HK$2,997,000); and

(iii) the Group's trade receivables of approximately HK$nil (2014: HK$5,568,000) pursuant to a trade receivable factoring arrangement with a bank (note 41).

(b) The total banking facilities granted to the Group amounted to approximately HK$102,650,000 (2014: HK$112,608,000) of which approximately HK$90,329,000 (2014: HK$112,503,000) were utilised as at 31 December 2015.

30. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities recognised

The components of deferred tax (assets) liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerate tax depreciation	Revaluation of properties	Intangible assets	Tax losses	Withholding tax	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax arising from:						
At 1 January 2014	574	5,935	529	(934)	1,479	7,583
Deferred tax (credited) charged to profit or loss for the year *(note 12)*	–	–	(22)	–	172	150
Deferred tax credited to other comprehensive income for the year	–	(42)	–	–	–	(42)
Disposal of subsidiaries *(note 38b)*	1,261	–	(506)	–	(875)	(120)
Exchange realignment	–	–	(1)	–	(1)	(2)
At 31 December 2014 and 1 January 2015	1,835	5,893	–	(934)	775	7,569
Deferred tax credited to profit or loss for the year *(note 12)*	–	–	–	–	(345)	(345)
Deferred tax charged to other comprehensive income for the year	–	264	–	–	–	264
Exchange realignment	–	–	–	–	(27)	(27)
At 31 December 2015	1,835	6,157	–	(934)	403	7,461

Deferred tax assets not recognised

The Group has estimated tax losses arising in Hong Kong of approximately HK$409,623,000 (2014: HK$323,119,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available for the companies in which losses arose. As at 31 December 2015, the Group has tax losses of approximately HK$1,381,000 (2014: HK$1,192,000) available for offsetting against future profits that may be carried forward for up to five years for EIT purpose.

31. SHARE CAPITAL

	Number of shares		Amount	
	2015	2014	**2015**	2014
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
At 31 December, ordinary shares of HK$0.10 each	**7,000,000**	7,000,000	**700,000**	700,000
Issued and fully paid:				
At 1 January	**2,023,689**	1,686,409	**202,369**	168,641
Issue of ordinary shares *(note)*	**400,000**	337,280	**40,000**	33,728
Share option exercised	**61,200**	–	**6,120**	–
At end of the year	**2,484,889**	2,023,689	**248,489**	202,369

Note:

Issue of ordinary shares by private placement under general mandate

On 9 April 2015, the Company entered into a private placement agreement with a placing agent to issue 400,000,000 new ordinary shares of HK$0.1 each to independent private investors at a price of HK$0.4 per share. The private placement was completed on 28 April 2015.

The proceeds are intended to be used for securities trading business and possible investment in new projects in the PRC and working capital of the Company. These new shares were issued under the general mandate granted to the directors at the special general meeting of the Company held on 9 March 2015 and rank pari passu with other shares in issue in all respects.

On 4 August 2014, the Company entered into a private placement agreement with a placing agent to issue 337,280,000 new ordinary shares of HK$0.1 each to independent private investors at a price of HK$0.205 per share. The private placement was completed on 19 August 2014.

The proceeds were used for general working capital of the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 25 July 2014 and rank pari passu with other shares in issue in all respects.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company's new share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25 July 2014 and the purpose of the Scheme is to reward participants (the "Grantees", including but not limited to directors, employees and other participants of the Group) who have contributed or will contribute to the Group and to encourage Grantees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

As at 31 December 2015, the number of shares in respect of which options have been granted and remained outstanding under the Scheme was 308,120,000 (2014: 168,640,000), representing 12.4% (2014: 8.3%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to a substantial shareholder or an independent non-executive directors in excess of 0.1% of the Company's share capital and having an aggregate value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the fifth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Each share option gives the holder the right to subscribe for one ordinary share of the Company.

Details of share options granted during the years ended 31 December 2015 and 2014 under the Scheme are as follows:

Name of grant	Date of grant	Exercise period	Exercise price HK$ per share	Share closing price immediately before grant date HK$ per share
2014 grant	30 December 2014	30 December 2014 to 29 December 2019	0.305	0.270
2015 grant	10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425

32. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The movement of share options during 2015 is presented as follows:

	Name of grant	At 1 January 2015 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	At 31 December 2015 '000
		Number of share options				
Executive directors						
Mr. Gao Feng	2014 grant	16,800	–	–	–	16,800
	2015 grant	–	3,400	–	–	3,400
Ms. Liu Ying	2014 grant	16,800	–	(16,800)	–	–
Mr. Zhang Jack Jiyei	2014 grant	16,800	–	–	–	16,800
	2015 grant	–	3,400	–	–	3,400
Mr. Wu Jiang	2014 grant	11,080	–	–	–	11,080
	2015 grant	–	9,120	–	–	9,120
		61,480	15,920	(16,800)	–	60,600
Independent non- executive directors						
Mr. Li Fang	2014 grant	1,680	–	–	–	1,680
	2015 grant	–	140	–	–	140
Ms. Yan Qinyan	2014 grant	1,680	–	–	(1,680)	–
		3,360	140	–	(1,680)	1,820
Employees	2014 grant	7,000	–	–	–	7,000
	2015 grant	–	14,000	–	–	14,000
Other participants	2014 grant	96,800	–	(33,600)	–	63,200
	2015 grant	–	172,300	(10,800)	–	161,500
Total		168,640	202,360	(61,200)	(1,680)	308,120

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$2.152.

Notes:

(a) The share options granted to directors, employees and other participants are vested immediately upon granted.

(b) There were no share options cancelled during the year.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The movement of share options during 2014 is presented as follows:

	Name of grant	At 1 January 2014 '000	Granted during the year '000	At 31 December 2014 '000
		Number of share options		
Executive directors				
Mr. Gao Feng	2014 grant	–	16,800	16,800
Ms. Liu Ying	2014 grant	–	16,800	16,800
Mr. Zhang Jack Jiyei	2014 grant	–	16,800	16,800
Mr. Wu Jiang	2014 grant	–	11,080	11,080
		–	61,480	61,480
Independent non-executive directors				
Mr. Li Fang	2014 grant	–	1,680	1,680
Ms. Yan Qinyan	2014 grant	–	1,680	1,680
		–	3,360	3,360
Employees	2014 grant	–	7,000	7,000
Other participants	2014 grant	–	96,800	96,800
Total		–	168,640	168,640

Notes:

(a) The share options granted to directors, employees and other participants are vested immediately upon granted.

(b) There were no share options cancelled or lapsed during the year.

The fair value of share options granted during the year ended 31 December 2015 in the amount of approximately HK$51,100,000 (2014: HK$26,500,000) were recognised as expenses. The Company had used the Binomial Option Pricing Model to value the share options granted.

32. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The following major assumptions were used to calculate the fair values of share options:

	Granted on	
	10 April 2015	30 December 2014
Grant date share price	**HK$0.465**	HK$0.305
Exercisable period	**5 years**	5 years
Exercise price	**HK$0.465**	HK$0.305
Expected volatility	**66%**	66%
Expected dividend yield	**0%**	0%
Risk-free interest rate	**1.079%**	1.471%

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The fair value of share option varies with different variables of certain subjective assumptions. The expected volatility was determined with reference to the historical daily volatilities of the share prices of the Company. The risk-free interest rate was determined with reference to the period average yields of the Exchange Fund Bills and Notes of comparable term issued by the Hong Kong Monetary Authority.

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 *HK$'000*	2014 *HK$'000*
Non-current asset		
Interests in subsidiaries	**388,561**	157,784
Current assets		
Trading securities	**15,616**	–
Prepayments, deposits and other receivables	**11,516**	441
Cash and cash equivalents	**4,701**	117,958
	31,833	118,399
Current liabilities		
Other payables	**8,383**	5,875
Net current assets	**23,450**	112,524
Net assets	**412,011**	270,308
Equity		
Capital and reserves		
Share capital	**248,489**	202,369
Reserves	**163,522**	67,939
Total equity	**412,011**	270,308

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'00
At 1 January 2014	168,641	684,503	152,762	–	(711,905)	294,001
Total comprehensive loss for the year	–	–	–	–	(117,491)	(117,491)
Issue of shares	33,728	35,414	–	–	–	69,142
Transaction costs attributable to issue of shares	–	(1,844)	–	–	–	(1,844)
Recognition of equity-settled share-based payments	–	–	–	26,500	–	26,500
At 31 December 2014	202,369	718,073	152,762	26,500	(829,396)	270,308
Total comprehensive loss for the year	–	–	–	–	(84,979)	(84,979)
Issue of shares	40,000	120,000	–	–	–	160,000
Transaction costs attributable to issue of shares	–	(4,812)	–	–	–	(4,812)
Recognition of equity-settled share-based payments	–	–	–	51,100	–	51,100
Share option exercised	6,120	24,921	–	(10,647)	–	20,394
At 31 December 2015	248,489	858,182	152,762	66,953	(914,375)	412,011

34. CAPITAL MANAGEMENT

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

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

34. CAPITAL MANAGEMENT (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt ("adjusted capital"). Net debt includes borrowings, trade and bills payables, other payables and accruals, less cash and cash equivalents and pledged bank deposits. Capital represents total equity. The net debt-to-adjusted capital ratio as at the end of the reporting period was as follows:

	2015	2014
	HK$'000	*HK$'000*
Borrowings	**100,329**	112,503
Trade and bills payables	**48,286**	68,077
Other payables and accruals	**26,471**	35,827
Less: Pledged bank deposits	**(12,649)**	(2,997)
Cash and cash equivalents	**(26,005)**	(145,879)
Net debt	**136,432**	67,531
Total equity	**388,897**	305,809
Capital and net debt	**525,329**	373,340
Gearing ratio	**26%**	18%

35. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**4,136**	1,138
In the second to fifth year, inclusive	**4,608**	156
	8,744	1,294

The Group is a lessee in respect of a number of properties held under operating leases. Leases for these properties are negotiated for a term of one to three years (2014: one to two years) with an early termination option. None of the leases includes contingent rentals.

The Group as lessor

The Group's total future minimum lease income under non-cancellable operating lease is receivable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**16**	16

The Group leases out its motor vehicle under operating lease. The lease typically runs for an initial period of one year. The lease does not include contingent rentals.

36. COMMITMENTS

(a) As at 31 December 2015, the Group had the following commitments.

(i) Provision of financial assistance and advance to an entity

On 10 November 2015, the Group entered into a shareholders' agreement and a facility agreement, pursuant to which the Group will provide a loan facility of RMB45 million, bearing interest at a rate of 4% per annum, to Partners United Asia Limited ("Novotide BVI"), an independent third party. Novotide BVI is a wholly-owned subsidiary of Beijing Novotide Biomedical Technology Co. Ltd. (北京諾泰德生物醫藥科技有限公司) ("Beijing Novotide"). The loan will be used by Novotide BVI for its injection of shareholder's loan into Sky Grant Limited (天恩有限公司) ("Sky Grant"). Sky Grant is a non-wholly owned subsidiary of the Group and is owned as to 55% by the Group and 45% by Novotide BVI. The Group shall hold a fixed charge over Novotide BVI's Shares until the full repayment of the loan facility. Novotide BVI may not utilise the loan facility unless all conditions precedent as set out in the shareholders' agreement have been fulfilled.

As at 31 December 2015, the conditions precedent has not been fulfilled and the transactions were in the process.

(ii) Acquisition of property, plant and equipment

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in consolidation financial statements	**12,500**	–

36. COMMITMENTS (Continued)

(b) As at 31 December 2014, the Group had the following commitments.

(i) Acquisition of Ankai Tianjin

On 18 November 2014, the Group entered into the framework agreement with two independent individuals who are the shareholders of Ankai Tianjin. Pursuant to the framework agreement, the Group conditionally agreed to acquire the entire right of control and economic interests of Ankai Tianjin through structured contracts at a cash consideration of HK$120,000,000. Refundable deposits of HK$100,000,000 were paid to the two independent individuals. As at 31 December 2014, there was a capital commitment of HK$20,000,000 in relation to the acquisition of Ankai Tianjin.

As certain conditions precedent in the framework agreement have not been fulfilled or complied with, the parties to the framework agreement have agreed that the acquisition will not proceed to completion and entered into a termination agreement on 24 July 2015. The refundable deposits of HK$100,000,000 was refunded to the Group and the relevant commitment has been released upon the termination of framework agreement.

(ii) Acquisition of Beijing Weiying Times Technology Co., Ltd. (北京微影時代科技有限公司) ("Beijing Weiying")

On 29 December 2014, the Group entered into a framework agreement with independent third parties (the "Vendors") pursuant to which the Group had conditionally agreed to acquire approximately 19.1% effective right of control and economic interests of Beijing Weiying, which principally engaged in on-line movie ticketing services, through structured contracts at a consideration of HK$296,885,000, which shall be settled by cash of HK$75,000,000 and by the issue of 778,543,000 new ordinary shares of the Company at HK$0.285 each.

In March 2015, the Group and the Vendors entered into a termination agreement to terminate the framework agreement as certain conditions precedent in the framework agreement could not be satisfied. Relevant commitment has been released upon the termination of the framework agreement.

37. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The key management personnel of the Group are the directors and chief executives of the Company. Details of their remuneration as set out in note 10.

(b) The Group had the following material transactions with related parties during the year:

	2015	2014
	HK$'000	*HK$'000*
Rental expense *(note (i))*	**248**	467
Sublet rental income *(note (ii))*	**–**	260
Rental income for motor vehicle *(note (ii))*	**–**	192
Subcontracting income *(note (iii))*	**–**	575

Notes:

(i) The rental expense of approximately HK$248,000 (2014: HK$360,000) was paid to a related company in which a director has significant influence. During the year ended 31 December 2014, another rental expense of approximately HK$107,000 was paid to a company controlled by a person who is holding a 17.7% shareholding in a subsidiary of the Company.

(ii) During the year ended 31 December 2014, the Group received sublet rental income and rental income for motor vehicle from two companies, which were controlled/significantly influenced by the ultimate controlling shareholder of the Company, for leasing part of an office premises and a motor vehicle from the Group respectively.

(iii) During the year ended 31 December 2014, the Group received subcontracting income of HK$575,000 from New Island Printing Company Limited, a company indirectly owned as to approximately 62.62% by the ultimate controlling shareholder of the Company as at the end of the year.

In the opinion of the directors, the above transactions were conducted on terms mutually agreed by the Group and the related parties.

38. DISPOSAL OF SUBSIDIARIES

(a) During the year ended 31 December 2015, the Group entered into a disposal agreement with an independent third party to dispose of the entire registered capital of a subsidiary, 撫州崇信玩具製品有限公司 (Fuzhou Chongxin Toys Manufacturing Co. Ltd.), at a total consideration of RMB100,000 (equivalent to approximately HK$127,000).

Assets and liabilities of the subsidiary at the date of disposal were as follows:

	HK$'000
Trade receivables	**875**
Prepayment, deposits and other receivables	**1**
Cash and cash equivalent	**185**
Trade payables	**(41)**
Other payables and accruals	**(1,727)**
Tax payables	**(52)**
Net liabilities disposed of	**(759)**
Gain on disposal of a subsidiary:	
Consideration received	**127**
Net liabilities disposed of	**759**
Cumulative exchange loss in respect of the net assets of a subsidiary reclassified from equity to profit or loss	**(49)**
	837
Net cash outflow arising on disposal of a subsidiary:	
Cash consideration received	**127**
Less: cash and cash equivalents disposed of	**(185)**
	(58)

38. DISPOSAL OF SUBSIDIARIES (Continued)

(b) During the year ended 31 December 2014, the Group entered into a disposal agreement with an independent third party to dispose of (i) the entire issued share capital of Alliance Winner Limited ("Alliance Winner") and (ii) the benefit of and the interest in loans owed by Alliance Winner and its subsidiaries (collectively the "Alliance Winner Group") to the Group, at a total consideration of HK$65,000,000. The disposal was completed on 15 September 2014. The disposal of Alliance Winner Group constituted a discontinued operation of the Group's Beverage Segment as described in note 13.

The aggregated net assets of the subsidiaries at the date of disposal were as follows:

	2014 *HK$'000*
Property, plant and equipment	6,250
Intangible assets	2,010
Inventories	13,358
Trade receivables	5,268
Less: Impairment loss	(3,895)
Prepayments, deposits and other receivables	5,758
Cash and cash equivalents	79,726
Trade payables	(123)
Other payables and accruals	(41,121)
Deferred tax liabilities	(120)
Net assets disposed of	67,111
Gain on disposal of subsidiaries:	
Consideration received	65,000
Net assets disposed of	(67,111)
Non-controlling interests	(16,472)
Cumulative exchange gain in respect of the net assets of subsidiaries reclassified from equity to profit or loss	21,543
	2,960
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	65,000
Less: cash and cash equivalents disposed of	(79,726)
	(14,726)

39. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Trading securities	**255,992**	14,232
Loans and receivables (including cash and cash equivalents)		
Refundable deposits	**–**	100,000
Trade receivables	**27,159**	56,390
Loan receivables	**48,000**	–
Financial assets included in deposits and other receivables	**31,760**	7,118
Pledged bank deposits	**12,649**	2,997
Cash and cash equivalents	**26,005**	145,879
	401,565	326,616
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and bills payables	**48,286**	68,077
Financial liabilities included in other payables	**23,383**	32,802
Borrowings	**100,329**	112,503
	171,998	213,382

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise refundable deposits, trading securities, trade and other receivables, loan receivables, cash and cash equivalents, pledged bank deposits, trade and bills payables, other payables and borrowings.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group seeks to minimise the effects of certain interest rate and foreign currency risks by using derivative financial instruments to hedge these risk exposures, if needed. The directors review and agree policies for managing each of these risks and they are summarised below.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. The Group's sales for the Toys Segment are made to several major customers and there is concentration of credit risk. In respect of the segment of manufacturing and sales of beverage and food products, there is no concentration of credit risk. 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 the Group's exposure to bad debts is not significant.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer having similar characteristics. The Group defines customers as having similar characteristics if they are related entities among themselves. Most of the customers are multi-national corporations with well known brands for their toy products and have satisfactory credit rating. At the end of the reporting period, the Group had certain concentrations of credit risk as 33.0% (2014: 28.4%) and 93.7% (2014: 76.2%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively, in the Toys Segment.

Transactions involving trading securities are with brokers of sound credit standing. Given their high credit standing, management does not expect any counterparty to fail to meet its obligations.

At 31 December 2015, the Group had loan receivables and interest receivables of HK$48,000,000 and HK$2,872,000 respectively. Before entering into the loan agreements, the Group assesses the credit quality of the borrowers and defines the terms of the loans. In addition, the Group reviews the recoverable amount of each individual loan at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has concentration of credit risk on the loan receivables as the loans are made to four borrowers. The loan receivables were past due at the end of the reporting period. In order to minimise the credit risk, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue loans. Subsequent to the end of the reporting period, the Group has agreed with the borrowers to extend the maturity of the loan receivables by six to seven months from the original maturity date until May to June 2016. The Group also received interest income and penalty income from the borrowers subsequent to the end of the reporting period. In view of the interest and penalty repayment by the borrowers and the monitoring procedures adopted by the management, in the opinion of the directors, the credit risk in respect of the loan receivables could be monitored.

At 31 December 2015, the Group had certain concentration of credit risk as 39.0% (2014: 54.6%) of the total cash and cash equivalents was deposited with one financial institution in Hong Kong with high credit rating. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including trading securities in the consolidated statement of financial position after deducting any impairment allowance.

At 31 December 2014, the Group had refundable deposits of HK$100,000,000 paid to two independent individuals in relation to the acquisition of Ankai Tianjin. The directors of the Company considered the credit risk was low as the refundable deposit was not expected to be repaid but be transferred as part of the acquisition cost of Ankai Tinjin upon the completion of the acquisition.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its own operating cash reserve and borrowings. The Group maintains good business relations with its bankers and ensures compliance with covenants as stipulated in the banking facility agreements.

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

	Weighted average effective interest	On demand	Less than 3 months	3 to less than 12 months	Contractual undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015						
Borrowings	**4.73**	**–**	**35,161**	**67,589**	**102,750**	**100,329**
Trade and bills payables	**–**	**–**	**20,366**	**27,920**	**48,286**	**48,286**
Other payables	**–**	**23,383**	**–**	**–**	**23,383**	**23,383**
		23,383	**55,527**	**95,509**	**174,419**	**171,998**
2014						
Borrowings	4.28	–	113,255	–	113,255	112,503
Trade and bills payables	–	29,360	25,757	12,960	68,077	68,077
Other payables	–	32,802	–	–	32,802	32,802
		62,162	139,012	12,960	214,134	213,382

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's cash flow interest rate risk arises primarily from the Group's variable-rate bank borrowings, bank balances and pledged deposits. The Group's fair value interest rate risk arises primarily from the Group's fixed-rate loan receivables and borrowings.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis point in interest rate, with all other variables held constant, would decrease/increase the Group's loss for the year and accumulated losses by approximately HK$386,000 (2014: HK$1,441,000).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the variable financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis was performed on the same basis for year ended 31 December 2014.

Foreign currency risk

The Group mainly operates in Hong Kong and the PRC, with certain of their business transactions being settled in United States dollars, Hong Kong dollars and Renminbi. The Group is thus exposed to currency risk arising from fluctuations on foreign currencies, primarily United States dollars, Hong Kong dollars and Renminbi, against the functional currency of the relevant group entities. The management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As Hong Kong dollars is pegged to United States dollars, the Group does not have material exchange rate risk on such currency.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities, excluding intra-group balances, denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of the entities within the Group into the Group's presentation currency are excluded.

	2015		2014	
	Hong Kong dollars	**Renminbi**	Hong Kong dollars	Renminbi
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Cash and cash equivalents	**78**	**5**	2,097	4
Borrowings	**(48,950)**	**–**	(102,700)	–
Other payables	**(171)**	**–**	(493)	–
Overall exposure to currency risk	**(49,043)**	**5**	(101,096)	4

As at 31 December 2015, the directors considered that the Group's exposure to foreign currency risk arose from intra-group balances due to foreign operations of HK$206,390,000 (2014: HK$195,600,000), which were not denominated in the functional currency of the respective group entities, do not form part of the Group's net investment in foreign operations.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

The following table demonstrates the sensitivity at the end of reporting period to a reasonably possible change in the Renminbi exchange rate for group entities with Renminbi as functional currency, with all other variables held constant, of the Group's loss for the year and accumulated losses.

	%	Increase (decrease) in loss for the year and accumulated losses *HK$'000*
2015		
If Hong Kong dollars weakens against Renminbi	**5**	**5,901**
If Hong Kong dollars strengthens against Renminbi	**(5)**	**(5,901)**
2014		
If Hong Kong dollars weakens against Renminbi	5	3,544
If Hong Kong dollars strengthens against Renminbi	(5)	(3,544)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' loss for the year and accumulated losses measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group, including intra-group balances with foreign operations within the Group denominated in a currency other than the functional currency of the foreign operations, which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for year ended 31 December 2014.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities. All of these investments are listed. The Group's listed investments are listed on the Stock Exchange. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the index and other industry indicators, as well as the Group's liquidity needs.

If the price of the respective trading securities had been 10% higher/lower (2014: 10%), with all other variables held constant, loss for the year and accumulated losses would decrease/increase by approximately HK$25,599,000 (2014: HK$1,423,000). No effect on other components of equity for years ended 31 December 2015 and 2014.

The sensitivity analysis indicates the instantaneous change in the Group's loss for the year that would arise assuming that the changes in the price of the respective trading securities had occurred at the end of the reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. The analysis is performed on the same basis for year ended 31 December 2014.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value measurements

Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

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

	Level 1 ***HK$'000***	**Level 2** ***HK$'000***	**Level 3** ***HK$'000***	**Total** ***HK$'000***
Financial assets at fair value through profit or loss – Trading securities:				
2015	**255,992**	**–**	**–**	**255,992**
2014	14,232	–	–	14,232

During the years ended 31 December 2015 and 2014, there have been no significant transfers between Level 1 and 2 or transfers into or out of Level 3.

41. FACTORING OF FINANCIAL ASSETS

As part of its normal business, a subsidiary of the Group had entered into a trade receivable factoring arrangement and factored certain of its trade receivables to a bank. If the trade receivables would not be settled at maturity, the bank had the right to request the Group to pay the unsettled balance. As the Group had not transferred the significant risks and rewards to the bank relating to these trade receivables, it continued to recognise the full carrying amount of these receivables and had recognised the cash received from the factoring arrangement as a secured borrowing (see note 29).

As at 31 December 2014, the carrying amount of the trade receivables that had been factored but had not been derecognised amounted to HK$5,568,000 and the carrying amount of the associated liability (i.e. bank borrowings) was HK$4,733,000.

42. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of Beijing Wufang Hospital Management Company Limited (北京五方醫院管理有限公司) (the "Management Company")

On 4 January 2016, the Group entered into an acquisition agreement, pursuant to which the Group agreed to inject an aggregate sum of RMB63 million by way of cash contribution into the Management Company. Upon completion of the cash contribution, the Management Company will be directly held as to 70% by the Group. The Management Company and its wholly owned subsidiary, Beijing Wufangqiao Chinese Medicine Kidney Disease Hospital Company Limited (北京五方橋中醫腎病醫院有限公司), a company established in the PRC, is principally engaged in the provision of medical services in the PRC. Completion of the cash contribution was subject to the satisfaction of the conditions precedent in the acquisition agreement. As at the date of this report, the acquisition was in the process.

(b) Acquisition of Yi Nuo Technology (Suzhou) Company Limited (宜諾科技(蘇州)有限公司) (the "Target Company")

On 17 February 2016, the Group entered into acquisition agreement, pursuant to which the Group conditionally agreed to purchase 100% equity interest of the Target Company, at a consideration of approximately RMB64.5 million. The Target Company currently owns a property and a piece of land in the PRC. Completion of the acquisition was subject to the satisfaction of the conditions precedent in the acquisition agreement. As at the date of this report, the acquisition was in the process.

42. EVENTS AFTER THE REPORTING PERIOD (Continued)

(c) Ordinary share transactions

On 28 January 2016, the Company entered into a subscription agreement with each of the subscribers, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 2,934,500,000 subscription shares at the subscription price of HK$0.40 per subscription share. Completion of the subscription was subject to the satisfaction of the conditions precedent in the subscription agreements.

On 4 February 2016, the Company was informed by the Stock Exchange that it would not grant a listing approval for the subscription (the "Exchange Decision"). In this regard, the directors of the Company are considering the bases of the Exchange Decision, its implication on the subscription, the rights and positions of and options available to the Company, including but not limited to submit a revised structure of the subscription, and the proposal of other measures. As at the date of this report, the Company has not submitted any alternative proposals to the Stock Exchange and the subscription may or may not proceed.

(d) Issue of warrants

On 29 January 2016, the Company issued an aggregate of 480,000,000 warrants at HK$0.065 per warrant. The warrants are classified as equity instruments. Each warrant carries the right initially to subscribe for one warrant share at the warrant exercise price of HK$0.46. The subscription rights attaching to the warrants may be exercised at any time during a period of 12 months commencing from the issue date of the warrants. Upon full exercise of the subscription rights attaching to the warrants, a total of 480,000,000 warrant shares will be issued. The warrant shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued shares of the Company.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration	Registered capital paid up	2015 Percentage of equity attributable to the Company		2014 Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	Direct	Indirect	
Alliance Credit Services Limited	Hong Kong	Ordinary HK$10,000	–	100%	–	100%	Provision of credit finance services
Big Crown Investments Limited	Hong Kong	Ordinary HK$1	–	100%	–	100%	Trading of securities
Billion Pride Group Limited	British Virgin Islands	Ordinary US$1	100%	–	100%	–	Investment holding
Central Information Limited	Hong Kong	Ordinary HK$100	–	100%	–	100%	Trading of securities and provision of management services
Chongxin Co., Limited	Hong Kong	Ordinary HK$1	–	100%	–	100%	Investment holding
Jiming Limited	British Virgin Islands	Ordinary US$1	100%	–	100%	–	Investment holding
Luxtone HK Limited	Hong Kong	Ordinary HK$1	–	100%	–	100%	Investment holding
Sewco (B.V.I.) Limited	British Virgin Islands	Ordinary US$401	100%	–	100%	–	Investment holding
Sewco Toys & Novelty Limited	Hong Kong	Ordinary HK$200 Non-voting deferred HK$420,000	–	100%	–	100%	Investment holding and trading of toys products
Talent Management Services Limited	Hong Kong	Ordinary HK$1	–	100%	–	100%	Provision of management services

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration	Registered capital paid up	2015 Percentage of equity attributable to the Company Direct	2015 Indirect	2014 Percentage of equity attributable to the Company Direct	2014 Indirect	Principal activities
撫州崇信玩具製品 有限公司 (Fuzhou Chongxin Toys Manufacturing Co. Ltd.*)#**	The PRC	Paid-up registered HK$1,300,000	–	–	–	100%	Manufacturing and sales of toys products
中山崇高玩具製品廠 有限公司 (Zhongshan SewcoToys & Novelty Limited*)#	The PRC	Paid-up registered HK$124,300,000	–	100%	–	100%	Manufacturing and sales of toys products
北京琉石網絡技術有限公司#	The PRC	Nil	–	100%	–	100%	Investment holding
Sky Grant Limited	British Virgin Islands	Nil	–	55%	–	–	Investment holding

A wholly foreign-owned enterprise registered in the PRC.
These companies are registered under the laws of the PRC as limited liability companies.
* For identification purpose only.
** Disposed during the year ended 31 December 2015.

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

Five Year Financial Summary

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

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS			(Restated)	(Restated)	(Restated)
Continuing operations					
Revenue	**247,732**	422,953	330,158	443,670	394,744
Cost of sales	**(220,459)**	(412,261)	(286,209)	(408,836)	(378,359)
Gross profit	**27,273**	10,692	43,949	34,834	16,385
Other income and gain	**11,100**	7,629	12,093	4,935	8,548
Selling and distribution costs	**(8,025)**	(13,045)	(5,932)	(7,115)	(7,525)
Administrative expenses	**(123,604)**	(87,280)	(51,079)	(56,907)	(53,284)
Changes in fair value of trading securities	**(18,238)**	(17,553)	(29,320)	2,601	(28,604)
Other operating expenses	**(12,954)**	(11,323)	(524)	(457)	(285)
Finance costs	**(5,971)**	(5,643)	(4,579)	(5,822)	(4,615)
Loss before taxation from continuing operations	**(130,419)**	(116,523)	(35,392)	(27,931)	(69,380)
Income tax expense	**(2,842)**	(1,873)	(1,128)	(2,175)	(5,657)
Loss for the year from continuing operations	**(133,261)**	(118,396)	(36,520)	(30,106)	(75,037)
Discontinued operation					
Loss for the year from discontinued operation	**–**	(3,622)	(10,303)	(33,994)	(310,472)
Loss for the year	**(133,261)**	(122,018)	(46,823)	(64,100)	(385,509)

	As at 31 December				
	2015	2014	2013	2012	2011
ASSETS AND LIABILITIES	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**575,714**	533,167	523,107	581,159	684,164
Total liabilities	**(186,817)**	(227,358)	(185,207)	(215,111)	(252,296)
Total equity	**388,897**	305,809	337,900	366,048	431,868