Sino Energy International Holdings Group Limited
中能國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1096)

Annual Report **2015**

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Chen Jianbao
(Joint chairman and Joint chief executive officer)
Ms. Cai Xiuman *(Chairman)*
Mr. Wang Wei *(Vice-chairman)*
Mr. Zhang Wenbin *(Joint chief executive officer)*
Mr. Huang Jianren *(Chief operation officer)*
(resigned on 14 April 2016)
Mr. Chen Yuanjian
Mr. Sun Hui Ding
Mr. Wang Qingshan (appointed on 14 April 2016)

Independent Non-Executive Directors
Mr. Chen Jinzhong, Roy (appointed on 14 April 2016)
Mr. Chen Yonghua (appointed on 14 April 2016)
Mr. Lee Ho Yiu Thomas
Mr. Gu Renliang
Mr. Wu Xiaoqiu (resigned on 14 April 2016)
Mr. Ye Lin (resigned on 14 April 2016)

BOARD COMMITTEES

Audit Committee
Mr. Lee Ho Yiu Thomas *(Chairman)*
Mr. Chen Jinzhong, Roy (appointed on 14 April 2016)
Mr. Chen Yonghua (appointed on 14 April 2016)
Mr. Wu Xiaoqiu (resigned on 14 April 2016)
Mr. Ye Lin (resigned on 14 April 2016)

Nomination Committee
Mr. Chen Jinzhong, Roy *(Chairman)*
(appointed on 14 April 2016)
Mr. Chen Yonghua (appointed on 14 April 2016)
Mr. Lee Ho Yiu Thomas
Mr. Wu Xiaoqiu *(Chairman)* (resigned on 14 April 2016)
Mr. Ye Lin (resigned on 14 April 2016)

Remuneration Committee
Mr. Chen Yonghua *(Chairman)* (appointed on 14 April 2016)
Mr. Chen Jinzhong, Roy (appointed on 14 April 2016)
Mr. Lee Ho Yiu Thomas
Mr. Ye Lin *(Chairman)* (resigned on 14 April 2016)
Mr. Wu Xiaoqiu (resigned on 14 April 2016)

AUTHORISED REPRESENTATIVES

Mr. Chen Yuanjian
Ms. Cai Xiuman

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Shoes Industrial Park
Baogai Town
Shishi
Fujian Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3509, Floor 35
Shun Tak Centre West Tower
168-200 Connaught Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of Communications
China Merchants Bank
Industrial Bank of China
Industrial and Commercial Bank of China

AUDITOR

ZHONGHUI ANDA CPA Limited

STOCK CODE

01096

COMPANY WEBSITE

www.active-group.com.cn

KEY FINANCIAL HIGHLIGHTS

For the year ended 31 December

	Note	2015	2014	% change
Revenue (RMB'000)		**290,545**	584,270	(50.3)%
Gross profit (RMB'000)		**24,840**	62,858	(60.5)%
(Loss) before taxation (RMB'000)		**(531,553)**	(135,788)	291.5%
(Loss) for the year (RMB'000)		**(542,668)**	(130,341)	316.3%
Gross profit margin (%)		**8.5%**	10.8%	
(Loss) per share – Basic (RMB)	1	**(0.37)**	(0.11)	
Dividend per share – final (HK cents)		**–**	–	
As at 31 December				
Current ratio (times)	2	**2.3**	2.3	
Gearing ratio	3	**56.2%**	37.4%	

Notes for key ratios:

1/	Basic EPS:	Profit attributable to shareholders/weighted average number of ordinary shares
2/	Current ratio:	Current assets/current liabilities
3/	Gearing ratio:	Total borrowings (including bank loans and debentures)/total assets

Chairman's Letter to Shareholders

On behalf of the Board (the "**Board**") of directors of the Company (the "**Director(s)**"), I am pleased to present the annual results of Sino Energy International Holdings Group Limited (formerly known as "Active Group Holdings Limited") (the "**Company**") and its subsidiaries (collectively "**Sino Energy**" or the "**Group**"; stock code: 1096.HK) for the year ended 31 December 2015 (the "**Year**").

2015 was regarded as the "cold winter" for China's footwear industry. A number of footwear companies with less financial backup or operating a single brand were affected and had to shut down most of their stores or even terminated their business, or had to reduce the inventory accumulation through big sales. However, along with the industry consolidation, the quality disparity condition in the market was improved and vicious competitions were reduced. By virtues of a solid foundation built over years of casual footwear production of the Group, experiences in related marketing, and the multi-brand business model for accommodating customer bases of different ages and styles, the Group has confidence that the results will be improved in 2016.

For the year ended 31 December 2015, revenue of the Group recorded a decrease of 50.3% to RMB290.5 million (2014: RMB584.3 million). Gross profit amounted to RMB24.8 million (2014: RMB62.9 million) and gross profit margin stood at 8.5% (2014: 10.8%). During the Year, loss attributable to equity shareholders of the Group was RMB544.4 million, while there was a loss of RMB130.3 million for the same period last year. The substantial fall in the Group's profit was mainly attributable to provision for impairment of various assets (net of reversal of impairment) of approximately RMB445.1 million (2014: approximately RMB92.9 million) during the Year and the significant decrease in gross profit margin. Basic loss per share was RMB0.37 (2014: basic loss per share was RMB0.11).

To maximize the economies of scale in the production process and provide a more stable labor supply, the Group has built a new plant equipped with five production lines in Suining, Jiangsu Province, the construction of which is close to completion, with an estimated annual output of about 3 million pairs of footwear and a small amount of apparels. As for our shops, while maintaining a reasonable and steady pace of retail sales network expansion, the Group conducted a stringent review over its retail sales points portfolio and closed 658 retail sales points and one self-owned flagship store with unsatisfactory performance during the Year.

OUTLOOK

The Group will continue to take a cautious approach to tighten the cost control of the footwear business in order to cope with enormous challenges in the coming years. In addition, the Group will promote oversea sales which is helped by the depreciation of RMB and hopefully can compensate reduce demand of domestic retail market. Furthermore, the Group will continue to put resource in the R&D of functional footwear products to provide customers of different ages and levels with quality and innovative footwear products and enlarge its customer base.

Beside the footwear business, the Group will continue to pursue any investment opportunities in other business such as energy related business. Through additional acquisitions, the Group can diversify the business in order to provide more stable income to the Group in the near future.

I would like to take this opportunity to extend my heartfelt gratitude to our shareholders of the Company (the "**Shareholders**"), investors and business partners for their trust and support. I also wish to thank our Board members, management team and staff for their tireless efforts in making contributions to the Group.

Cai Xiuman
Chairman

Hong Kong, 31 March 2016

BUSINESS REVIEW

Amidst the sluggish retail atmosphere in the market, the Group has been undergoing transition to adapt to the slower market growth which could probably be the new norm for China, and it made great efforts during the year to introduce new measures to increase its products' competitiveness in the market. The Group implemented a multi-brand strategy and proactively adjusted the operating strategies and integrated existing resources for further brand development. The launch of more functional footwear and design of novel and fashionable footwear to meet the market demand enabled the Group to optimize its product mix and product creation. The Group is also continuously expanding its customer base through innovative product design, so as to further consolidate its business base and increase the sources of income.

Meanwhile, due to overall weakness in the market, the sales of the Group's decreased significantly by 50.3%. In order to cope with the challenging market environment, the Group selected business partners prudently, and also optimize the existing retail network. In addition, the Group decided to tighten its cost control measures and capital expenditure plan in footwear business. Accordingly, the Group decided to terminate the development of the e-commerce O2O platform and currently negotiating with the technology service provider for terms of cancellation of agreement for setting up and operation of online marketplace. As such, there is an impairment of approximately RMB79.6 million in respect of the prepayment to this technology service provider. Overall, the Group continues its cost control measure to cope with the difficulties of current market.

The Group actively carried out the cost control measures and tackled the burden of increasing production costs through strategies such as bulk purchases. However, the Group has lowered branded products prices and provided more discounts to distributors to encourage them to devote more resources to marketing activities thereby enhancing the brand awareness of the Group for market share expansion, the gross profit has thus been affected. Nevertheless, the management believes that, when the market recovers, its solid foundation will help the Group swiftly seize the opportunities to achieve better operating performance.

In addition, the Group also diversified into other profitable business including acquisition of 51% equity interest of Beijing Ah Huo System Networks Co., with principal activities of online game business during the year. Subsequent to year end date, the Group also acquired 100% equity interest in Peak Business Asia Limited and its subsidiaries with principal activities of operating gas stations in the PRC.

Sales and Distribution Network

As at 31 December 2015, the Group entered into master sales agreements with 28 distributors and 393 department store customers which operated 1,226 retail sales points located throughout the PRC (31 December 2014: 1,884 retail sales points). In order to adapt to the changing market conditions, the Group has conducted a stringent review over its retail sales points portfolio and made a closure of 658 retail sales points with unsatisfied performance and lower profit efficiency during the year.

Product design and development

As at 31 December 2015, 61 R&D professionals were responsible for maintaining a steady output of high quality new designs. During the year, the Group designed more than 1,324 new styles in the footwear segment. Approximately 65% of the new designs subsequently went into commercial production. Besides high-end products, the Group invests more resources in the R&D of medium-and low-end products to expand into the third-and fourth-tier cities with relatively lower consumption power.

The Group continues to focus on developing and designing stylish and functional footwear to optimize its product portfolio to provide customers with quality products and improve the loyalty of customers.

However, the Group's performance deteriorated significantly during the year, the Group tightened its cost control measures and hence the research and development cost decreased from approximately RMB4.7 million for year ended 31 December 2014 to approximately RMB1.1 million for the current year.

Production

The Group operated ten production lines at its production base in Fujian province with a total production of approximately 3.5 million pairs of footwear for 2015. The utilisation rate had reached around 71.7% during the year. In addition, the new production plant equipped with five production lines located in Suining, Jiangsu province has basically completed construction and is expected to put into production in 2016 and produce around 3 million pairs of footwear and a small quantity of apparel products once it is in full operation. It will facilitate the Group in realising economies of scale and lay a solid foundation for seizing the opportunities during the market recovery.

FINANCIAL ANALYSIS

Revenue

The total revenue of the Group for the year ended 31 December 2015 was approximately RMB290.5 million, representing a decrease of 50.3% as compared to that of 2014. The decrease in revenue was mainly as a result of the overall weak and sluggish retail market during the year.

GROSS PROFIT AND GROSS PROFIT MARGIN

It was another challenging year in terms of rising labour and raw materials costs, gross profit of the Group decreased by 60.5% and reached approximately RMB24.8 million for the year ended 31 December 2015 (2014: approximately RMB62.9 million), while gross profit margin of the Group for the year ended 31 December 2015 was 8.5%, representing a decrease of 2.3 percentage point when compared with 2014.

The decrease in gross profit margin of the Group was mainly contributed by the adjustment on products' selling price to cope with the cut-throat price competition from the peers. Another reason which led to the decrease in gross profit for the year was the increase in unit production cost. The increasing unit production cost was not only driven by the increasing trend in labour and raw material costs, also in order to increase the Group's products' competitive power in the market and in response to the increasing demand over the comfort level, functionality of men's casual footwear and growing health consciousness among consumers in the PRC, the Group introduced more innovative product designs and advanced materials used for production during the year. In addition, certain costs of sales are fixed or semi-fixed in nature. As a result of reduction of sales volume which led to reduction of production volume and the unit cost of production increased accordingly. However, management decided not to pass the increase in production cost to its customers but offered further discounts to them so that they could enjoy a competitive advantage over their peers, in order to enhance the Group's brands recognition and enlarge its market share in the PRC. On the other hand, the Group strives to obtain bulk purchase discount from suppliers by placing orders of purchasing raw materials with larger volume, in order to cope with the pressure of the increasing raw material costs.

The Group believes that when the Group's products have achieved a higher customer loyalty and increased its popularity and market share, and also when the market ends its vicious competitions after the exit of smaller and weaker players in the industry, the Group would decrease its discounts offered to its customers and enjoy a higher gross profit margin afterwards.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses primarily consisted of advertising and promotional expenses, royalties for licensed brands, salaries for sales and marketing staff, and other costs related to sales and distribution.

Selling and distribution expenses were approximately RMB9.7 million, amounted to approximately 3.3% of revenue for the year ended 31 December 2015 (2014: approximately 3.9%), primarily as a result of planned execution of marketing and sales strategy, and less marketing promotion support provided to its customers given more discount was offered by the Group during the year. Due to the deterioration of Group's performance, the Group also tightened its cost control measures and hence the selling and distribution expenses also decreased in current year. The Group believes when customers launch marketing campaign under the Group's suggested framework with its own planning and design, it would improve the efficiency of marketing activities for the promotion of the Group's brands in different provinces in the PRC with customers having different consumption habits.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 203.2% to approximately RMB494.5 million for the year ended 31 December 2015 (2014: approximately RMB163.1 million), mainly caused by the increase in provision of impairment of various assets including trade receivable of approximately RMB185.0 million, trade prepayment of approximately RMB192.3 million, prepayment of approximately RMB79.6 million, intangible assets of approximately RMB2.8 million, inventory of approximately RMB34.5 million which is partly offset by reversal of impairment of other receivable of approximately RMB0.9 million and construction in progress of approximately RMB48.2 million (2014: impairment of trade receivable of approximately RMB26.4 million, trade prepayment of approximately RMB15.0 million and construction in progress of approximately RMB51.5 million).

OTHER INCOME

Other income for the year ended 31 December 2015 mainly represented interest income yielded from bank deposits during the year of approximately RMB2.5 million (2014: approximately RMB1.9 million).

FINANCE COSTS

Finance costs represented interest expenses on interest-bearing short-term bank loans and debentures. Interest expenses increased by approximately 219.5% from approximately RMB17.2 million for the year ended 31 December 2014 to approximately RMB54.8 million for the year ended 31 December 2015, primarily due to additional working capital bank loan drawn during the year and increase in issuance of debentures during the current year.

INCOME TAX

Income tax recorded for the year ended 31 December 2015 mainly represented provision of PRC corporate income tax for approximately RMB1.2 million, and write off of deferred income tax assets and liabilities of approximately RMB9.9 million brought forward from prior years.

LOSS FOR THE YEAR

Loss for the year was approximately RMB542.7 million, as compared to a loss of approximately RMB130.3 million during the corresponding period in 2014. The loss was mainly due to the decline in gross profit earnings from Group's branded products and OEM products, provision for impairment of various assets (net of reversal of impairment) of approximately RMB445.1 million (2014: approximately RMB92.9 million) recorded for the year ended 31 December 2015 as more detailed in "ADMINISTRATIVE EXPENSE".

LIQUIDITY AND CAPITAL RESOURCES

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB. As at 31 December 2015, the Group had net current assets of approximately RMB895.8 million (31 December 2014: approximately RMB778.9 million), of which cash and cash equivalents amounted to approximately RMB262.2 million (31 December 2014: approximately RMB104.0 million).

The Group has always been pursuing a prudent treasury management policy and is in a strong liquidity position with sufficient standby banking facilities to cope with daily operations and future development demands for capital. As at 31 December 2015, including the banking facilities as secured by the Group's pledged deposits, total available banking facilities of the Group amounted to approximately RMB517.4 million, among which approximately RMB466.4 million was utilised by the Group for its bank loans and bills payable. The ratio of outstanding bank loans to total assets was 10.5% (31 December 2014: 13.8%).

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during 2015 and has not entered into any interest rate swap arrangements to hedge against interest rate risks.

As at 31 December 2015, cash and cash equivalents, including bank deposits with original maturities not exceeding three months, amounted to approximately RMB262.2 million. The increase of approximately RMB158.2 million as compared to the Group's position as at 31 December 2014 was mainly attributable to:

- Net cash used in operating activities amounted to approximately RMB283.3 million (excluding income tax paid for approximately RMB3.5 million), mainly resulted from the net increase of trade and bills receivables amounted to approximately RMB162.3 million, together with the decrease of advance payments to suppliers of approximately approximately RMB44.9 million for securing raw materials and outsourcing production in advance for future inflation, though partially offset by the increase in trade and other payables of approximately RMB104.1 million and the effect of loss before taxation of approximately RMB531.6 million;

- Net cash generated from investing activities amounting to approximately RMB3.9 million (excluding net increase in placement of pledged deposits for secured bank loan and bills payables amounting to approximately RMB39.0 million), which was partially offset by interest of approximately RMB2.5 million received;

- Net cash generated from financing activities amounted to approximately RMB403.8 million, which was mainly attributable to proceeds from bank loans and issue of debentures of approximately RMB179.0 million and approximately RMB488.5 million respectively, and proceeds from issue of shares after grantees vested the share option to subscribe for 25,000,000 new ordinary shares with exercise price of HK$0.72 per Share for approximately RMB21.3 million and proceeds from issuance of shares under general mandate of approximately RMB123.2 million, which was partially offset by the repayment of bank loans of approximately RMB200.0 million and interest payment of approximately RMB39.7 million.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of the transactions settled in RMB. Part of the Group's cash and bank deposits are denominated in Hong Kong Dollars.

During the year, the Group did not hedge any foreign exchange exposure against foreign currency risk. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

PLEDGE OF ASSETS

As at 31 December 2015, the Group secured its bank loans and bills payables by a charge over land use rights with an aggregate carrying amount of approximately RMB5.3 million (2014: approximately RMB5.4 million), buildings with net book value of approximately RMB37.9 million (2014: approximately RMB29.7 million) and pledged deposits with an aggregate carrying amount of approximately RMB78.1 million (2014: approximately RMB117.0 million).

Included in secured and unsecured bank loans as at 31 December 2015 were bills discounted with recourse totaling RMBNil million and RMBNil million (31 December 2014: approximately RMB16.0 million and approximately RMB4.0 million), respectively.

USE OF PROCEEDS

The Group was listed on the Main Board of The Stock Exchange of Hong Kong (the "**Stock Exchange**") on 28 September 2011. All of the net proceeds of approximately HK$337.4 million (after deducting the underwriting commission and relevant expenses) from the global offering have been fully utilised prior to 31 December 2015.

EMPLOYEES AND EMOLUMENTS

As at 31 December 2015, the Group employed a total of 897 full-time employees in the PRC and Hong Kong, which included management staff, product designers, technicians, salespersons and workers. Remuneration for the entire full-time workforce amounted to approximately RMB44.6 million for the reporting year, which is equivalent to 15.4% of the Group's revenue. The Group's emolument policies are formulated based on the performance of individual employees, whose performance are reviewed and evaluated periodically. Apart from contributions to the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) and social security fund (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses are also awarded to employees according to individual performance. In addition, the Company adopted the share option scheme on 4 September 2011 for the purpose of providing incentives to directors and eligible employees.

PROSPECTS

Looking ahead, as China's economic growth is slowing down and the US is increasingly likely to further raise the interest rate in the future, it is still difficult to predict the development of the macro-economic environment. As a result of the heavy pressure on the domestic retail market exerted by the weak consumption sentiment, the footwear industry in China still faces enormous challenges in the year of 2016. The Group maintains a prudent attitude towards the business performance of the Group.

The recent depreciation of RMB reduces the cost of raw materials for the production of footwear. It also reduces the production cost of the Group in the OEM, making the business optimistic about its performance in 2016. In addition, the Group will continue to enhance in cost control measures to face the difficult market. On the other hand, the depreciation of RMB will stimulate the export demand. As a result, the Group will promote overseas sale to maintain the sale of footwear products.

The Group will continue to put resources in the R&D of functional footwear products to provide customers of different ages and levels with quality and innovative footwear products and enlarge its customer base.

The management of the Group believes that with the strong business development models, it has sufficient resources to deal with the currently weak economic conditions and strengthen its position as one of the leading multiple brand operators of men's casual footwear and ultimately create best values for the Shareholders. In addition, the Group is also in the process of pursuing investment opportunities in addition to the acquisitions during current year and subsequent to year end date in order to provide stable income to the Group in the near future. These acquisitions have diversified the Group's business to online game business and operation of gas stations in the PRC. The Group will continue to seek opportunities to further expand in the energy-related business.

Corporate Governance Report

The Group is committed to achieving and maintaining high standards of corporate governance, in compliance with the principles set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange from time to time.

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted all the requirements of the code provisions of the Corporate Governance Code. During the Year, the Company has complied with all the code provisions of the Corporate Governance Code.

THE BOARD

The Board oversees the management of the business and affairs of the Company. The Directors are accountable for making decisions objectively in the best interest of the Shareholders as a whole.

The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, risk management and internal control systems, material transactions, major capital expenditure, appointment of Directors and other significant financial and operational matters.

The Board may delegate aspects of its management and administration functions to the management. In particular, the day-to-day management of the Company is delegated to the joint chief executive officers of the Group, Mr. Chen Jianbao and Mr. Zhang Wenbin, and their management team.

The Company has throughout the Year met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Year, the independent non-executive Directors represent at least one-third of the Board. All independent non-executive Directors meet the guidelines for assessment of their independence as set out in Rule 3.13 of the Listing Rules. The Company has received from all of its independent non-executive Directors confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

Throughout the year, the composition of the Board was as follows:

Executive Directors:

Mr. Chen Jianbao *(Joint chairman and Joint chief executive officer)*
Ms. Cai Xiuman *(Joint chairman)*
Mr. Wang Wei *(Vice-chairman)*
Mr. Zhang Wenbin *(Joint chief executive officer)*
Mr. Huang Jianren *(Chief operation officer)*
Mr. Chen Yuanjian
Mr. Sun Hui Ding

Non-executive Director:

Mr. Elul Rafael (resigned on 15 September 2015)

Independent non-executive Directors:

Mr. Wu Xiaoqiu
Mr. Ye Lin
Mr. Lee Ho Yiu Thomas
Mr. Gu Renliang

A description of the Directors is set out in the section headed "Board of Directors and senior management" in this annual report.

The roles of the chairman and chief executive officer of the Group are separate. Mr. Chen Jianbao and Ms. Cai Xiuman, the joint chairmen of the Group and executive Directors, are responsible for overall strategic business development, management and operations. Ms. Cai Xiuman is the wife of Mr. Zhang Wenbin, the joint chief executive officer of the Group and another executive Director.

Mr. Chen Jianbao and Mr. Zhang Wenbin, the joint chief executive officers of the Group and executive Directors, are responsible for leading the business operations of the Group to achieve the business and financial targets, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board. Mr. Zhang Wenbin is the husband of Ms. Cai Xiuman, the joint chairman of the Group and another executive Director.

The Board is expected to meet regularly and at least four times a year. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

With respect to regular meetings of the Board, the Directors will be given written notice of the meeting at least 14 days in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances.

The Board held 4 regular board meetings during the Year and the attendance of the Directors are set out on page 15.

APPOINTMENTS, RE-ELECTION AND ROTATION OF DIRECTORS

Each of the executive Directors (except Mr. Chen Jianbao, Mr. Wang Wei, Mr. Sun Hui Ding, Mr. Wang Qingshan, Mr. Chen Jinzhong, Roy and Mr. Chen Yonghua) has entered into a service contract with the Company for a term of three years commencing from 4 September 2014 and renewable automatically for a successive term of three years each commencing from the next day after the expiry of the then current term of his/her appointment, which may be terminated by not less than three months' notice in writing served by either party on the other. Mr. Chen Jianbao, who was appointed on 23 December 2015; Mr. Wang Wei and Mr. Sun Hui Ding, who were appointed on 15 September 2015; and Mr. Wang Qingshan, who was appointed on 14 April 2016, will be appointed for a term of 1 year commencing from the forthcoming annual general meeting (the "**AGM**") upon the approval of the Shareholders. Each of the independent non-executive Directors (except Mr. Chen Jinzhong, Roy, Mr. Chen Yonghua and Mr. Gu Renliang) has been appointed for a term of three years commencing from 4 September 2014 and renewable automatically for a successive term of three years each commencing from the next day after the expiry of the then current term of his/her appointment, which may be terminated by not less than one month's notice in writing served by either party on the other. Mr. Chen Jinzhong, Roy and Mr. Chen Yonghua, who were appointed on 14 April 2016, and Mr. Gu Renliang, who was appointed on 28 July 2015, will be appointed for a term of 1 year commencing from the forthcoming AGM upon the approval of the shareholders. None of the Directors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the articles of association of the Company (the "**Articles**"), at each AGM, one third of the Directors for the time being shall retire from office by rotation and shall be eligible for re-election. Mr. Chen Yuanjian and Mr. Lee Ho Yiu Thomas will retire at the AGM. All of the above retiring and Directors, being eligible, will offer themselves for re-election at the same meeting.

In accordance with the Articles, Mr. Chen Jianbao, Mr. Wang Wei, Mr. Sun Hui Ding, Mr. Wang Qingshan, Mr. Chen Jinzhong, Roy, Mr. Chen Yonghua and Mr. Gu Renliang will hold office until the AGM and, being eligible, offer themselves for re-election at the same meeting.

Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee (as defined below) as set out below under the section on Nomination Committee.

CORPORATE GOVERNANCE

The Board has carried out its duties and responsibilities as set out in D.3 in Appendix 14 to the Listing Rules including the development of policies and practices on corporate governance, monitoring the training and continuous professional development of Directors and senior management, reviewing the compliance with the Code, disclosure in this Corporate Governance Report and legal and regulatory requirements of the Company.

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment so as to ensure that he/she has 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 attended training programmes on commercial, legal and regulatory requirements in relation to a listed company in Hong Kong and/or the industry in which the Group conducts its businesses.

SECURITIES TRANSACTIONS

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the Year.

BOARD COMMITTEES

The Company established a remuneration committee (the "**Remuneration Committee**"), an audit committee (the "**Audit Committee**") and a nomination committee (the "**Nomination Committee**") on 4 September 2011.

Remuneration Committee

The Remuneration Committee comprises all independent non-executive Directors, namely, Mr. Ye Lin, Mr. Wu Xiaoqiu and Mr. Lee Ho Yiu Thomas. Mr. Ye Lin is the chairman of the Remuneration Committee.

The major duties of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(c) to make recommendations to the Board of the remuneration of non-executive Directors;

(d) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(e) to review and approve management's remuneration proposals by reference to the Board's corporate goals and objectives;

(f) to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;

(i) to report to the Board on the matters set out in these terms of reference; and

(j) to consider other topics, as defined by the Board.

The Remuneration Committee held seven meetings during the year of 2015 to review and approve the remuneration packages of Directors and senior management of the Group. All members of the Remuneration Committee attended that meeting.

Audit Committee

The Audit Committee comprises all independent non-executive Directors, namely, Mr. Lee Ho Yiu Thomas, Mr. Wu Xiaoqiu and Mr. Ye Lin. Mr. Lee Ho Yiu Thomas is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and approve the Group's financial reporting system, risk management and internal control systems. In addition, the major duties of the Audit Committee are as follows:

Relationship with the Group's auditor

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(d) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Group's financial information

(e) to review and monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained therein. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(f) Regarding (e) above:

  (i) members of the Audit Committee should liaise with the Board and the senior management, and the Audit Committee must meet, at least twice a year, with the Group's auditor; and

  (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts it should give due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer, external auditor or internal control officer;

Oversight of the Group's financial reporting system, risk management and internal control systems

(g) to review the Company's financial controls, and unless expressly addressed by the Board, to review the Company's risk management and internal control systems;

(h) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(i) to consider major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(j) where an internal audit function exists, to review the internal audit programme, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(k) to review the Group's financial and accounting policies and practices;

(l) to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;

(m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(n) to act as the key representative body for overseeing the Company's relations with the external auditor;

(o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(p) to report to the Board on the matters set out in these terms of reference; and

(q) to consider other topics, as defined by the Board.

Two meetings of the Audit Committee were held during the year to consider and review the audited financial statements of the Group for the year ended 31 December 2014 and the unaudited financial statements of the Group for the six months ended 30 June 2015 and the attendance of the Audit Committee members of such meetings is set out on page 15.

A recent meeting of the Audit Committee was held on 31 March 2016 to consider and review the audited financial statements of the Group for the year ended 31 December 2015, risk management and internal control related matters. Members of the Audit Committee have reviewed the draft auditors' report. On 8 May 2015, the Audit Committee appointed RSM Nelson Wheeler Consulting Limited (now known as RSM Hong Kong) ("**RSM**") as the independent professional advisor for, among other things, (i) performing review and investigation on the audit issues in respect of the insufficiency in audit evidence provided to KPMG, Certified Public Accountants, the former auditor, to form a basic for audit opinion for the annual result for the year ended 31 December 2014 and conducting internal control review; (ii) reporting their findings on (i) above; and (iii) providing recommendations for improvement measures. In December 2015, RSM has delivered the finalised draft report of findings and recommendations with follow up review of implementation of RMS's recommendation to the management of the Company.

In February 2016, the audit committee has held a meeting with RSM to discuss their results and findings and confirmed that the Company has implemented RSM's recommendations.

Nomination Committee

The Nomination Committee comprises all independent non-executive Directors, namely, Mr. Wu Xiaoqiu, Mr. Ye Lin and Mr. Lee Ho Yiu Thomas. Mr. Wu Xiaoqiu is the chairman of the Nomination Committee.

The major duties of the Nomination Committee are as follows:

(a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive Directors;

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Group; and

(e) to give due regard to the benefits of diversity on the Board against objective criteria in reference to the board diversity policy when performing its duties.

Where vacancy on the Board exists, the Nomination Committee will carry out a selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations, and select or make recommendations to the Board on the selection of candidates for directorship.

The Nomination Committee held seven meetings during the year of 2015 to nominate the members of Board for retirement and re-election at the Meeting, and to review the structure, size, diversity of the Board. The Nomination Committee has also adopted the following diversity policy on the Board:

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our directors unique.

MEETING ATTENDANCE

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. The attendance of individual Directors at these meetings during the Year is set out below:

	Attendance			
	Board Meeting(s)	**Audit Committee meeting(s)**	**Remuneration Committee meeting(s)**	**Nomination Committee meeting(s)**
Executive Directors				
Mr. Chen Jianbao *(Joint chairman and Joint chief executive officer)* (appointed on 17 July 2015 and resigned on 15 September 2015 and then appointed on 23 December 2015)	15/15	–	–	–
Ms. Cai Xiuman *(Joint chairman)*	15/15	–	–	–
Mr. Wang Wei *(Vice-chairman)* (appointed on 15 September 2015)	2/4	–	–	–
Mr. Zhange Wenbin *(Joint chief executive officer)*	15/15	–	–	–
Mr. Huang Jianren *(Chief operation officer)*	15/15	–	–	–
Mr. Chen Yuanjian	9/15	–	–	–
Mr. Sun Hui Ding (appointed on 15 September 2015)	0/4	–	–	–
Non-executive Director				
Mr. Elul Rafael (appointed on 6 August 2015 and resigned on 15 September 2015)	2/3	–	–	–
Independent non-executive Directors				
Mr. Wu Xiaoqiu	10/15	3/3	7/7	7/7
Mr. Ye Lin	10/15	3/3	7/7	7/7
Mr. Lee Ho Yiu Thomas	15/15	3/3	7/7	7/7
Mr. Gu Renliang (appointed on 28 July 2015)	0/8	–	–	–

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company to ensure that these financial statements give a true and fair presentation in accordance with the International Financial Reporting Standards.

The statement by the auditor about their reporting responsibilities is set out in the independent auditor's report on pages 35 to 37.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR

The Audit Committee reviews and monitors the independent auditor's independence, objectivity and effectiveness of the audit process. It receives each year letter from the independent auditor confirming their independence and objectivity and holds meetings with representatives of the independent auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it.

The remuneration payable to the independent auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2015 amounted to approximately HK$1.7 million and HK$0.1 million respectively. Non-audit services include tax review and agreed-upon procedures regarding preliminary announcement of results for the Year.

COMPANY SECRETARY

Ms. Yau Suk Yan has been the company secretary of the Company until July 2015. The Board has been reviewing the current structure from time to time. When at the appropriate time and if a candidate with suitable knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangements.

SHAREHOLDERS' RIGHTS AND COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The management believes that effective communication with the investment community in a timely manner through various media is essential. The Company held regular briefings, attended investor conferences and participated in roadshows to meet institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the Company's business and development.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, Shareholders can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their Shares and dividends. The contact details of the Company are set out in the section entitled "Corporate Information" in this annual report.

The Company's AGM allows the Directors to meet and communicate with Shareholders. The Company ensures that Shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the Audit, Remuneration and Nomination Committees and the external auditor will also attend the AGM to answer questions from Shareholders.

AGM proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his/her power under the Articles to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. Voting results are posted on the Group's website in accordance with the Listing Rules.

Shareholder(s) holding not less than one-tenth of the paid up capital of the Company can make a written requisition to the Board or the company secretary to require an extraordinary general meeting ("**EGM**") to be called pursuant to article 58 of the Articles. The written requisition shall specify the business to be transacted in the meeting, must be signed by the requisitionist and shall be deposited at the principal place of business of the Company in Hong Kong, which is presently situated at Room 3509, Floor 35, Shun Tak Centre West Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders or investors can make enquiry or to provide suggestions to the Company via the postal address: Room 3509, Floor 35, Shun Tak Centre West Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

To put forward proposals at a general meeting, the Shareholders should submit a written notice of those proposals with detailed contact information to the company secretary at the Company's principal place of business stated above.

During the Year under reviews, the Company conceded three general meetings including an AGM held on 5 June 2015 and two EGMs held on 25 June 2015 and 30 November 2015. The attendance record of the Directors at the meetings is set out below:

	Attendance at general meetings
Executive Directors	
Mr. Chen Jianbao *(Joint chairman and Joint chief executive officer)* (appointed on 17 July 2015 and resigned on 15 September 2015 and then appointed on 23 December 2015)	0/0
Ms. Cai Xiuman *(Joint chairman)*	3/3
Mr. Wang Wei *(Vice-chairman)* (appointed on 15 September 2015)	0/1
Mr. Zhange Wenbin *(Joint chief executive officer)*	1/3
Mr. Huang Jianren *(Chief operation officer)*	1/3
Mr. Chen Yuanjian	0/3
Mr. Sun Hui Ding (appointed on 15 September 2015)	0/1
Non-executive Director	
Mr. Elul Rafael (appointed on 6 August 2015 resigned on 15 September 2015)	0/0
Independent non-executive Directors	
Mr. Wu Xiaoqiu	0/3
Mr. Ye Lin	0/3
Mr. Lee Ho Yiu Thomas	2/3
Mr. Gu Renliang (appointed on 28 July 2015)	0/1

During the Year, there were no changes in any of the Company's constitutional documents.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Board complied with the code provisions on risk management and internal control as set out in the Corporate Governance Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of Company is investment holding and the principal activities of its subsidiaries are set out in note 41 to the financial statements.

BUSINESS REVIEW

A fair review of the Group's business and its outlook are set out in the sections of Chairman's Letter to Shareholders and Management Discussion & Analysis. Certain financial key performance indicators are provided in the section of Five-Year Financial Summary. Important events affecting the Group occurred since the end of the Year are mentioned under "Events after the reporting period".

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "**SFO**") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

The Group respects the environment and is committed to minimizing its carbon footprints as a socially responsible enterprise. Carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide of (CO2) emission. Non-hazardous wastes produced from the Group mainly consist of used paper such as office papers and marketing materials. To minimize the impact of carbon footprints on the environment, the Group implements the following practices to use paper efficiently:

- Duplex printing is set as the default mode for most network printers;
- Employees are reminded to practice photocopying wisely;
- Employees are encouraged to use both sides of paper;
- Paper waste is recycled instead of being directly disposed of in landfills;
- Paper is separated from other waste for easier recycling; and
- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

Electricity consumption is identified as having an adverse impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The Group is determined to reduce energy consumption and implement conservation practices to reduce the effect of carbon footprint. Air conditioning and light zone arrangements reduce unnecessary electricity usage; employees enforce good practices in maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximize efficiency.

Key Risk Factors

The following lists out the key risks and uncertainties facing the Group:

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the Year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

RESULTS & DIVIDENDS

Results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 38. Other movements in reserves are set out in the consolidated statement of changes in equity on page 41.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 84 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's aggregate amounts of reserves available for distribution were approximately RMB77,341,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or applicable laws of the Cayman Islands where the Company was incorporated.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 16 to the financial statements.

BANK BORROWINGS AND INTEREST

Details of the Group's bank borrowings are set out in note 28 to the financial statements. Bank borrowings repayable within one year or on demand are classified as current liabilities in the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, the Group's five largest customers accounted for approximately 40% of the Group's total revenue and the Group's largest customer for the year accounted for approximately 12% of the Group's total revenue. The Group's five largest suppliers accounted for approximately 37% of the Group's total purchases, while the largest supplier for the year accounted for approximately 10% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective close associates or any of the Shareholders who owns more than 5% of the Company's number of issued shares has any interest in any of the Group's five largest customers or suppliers.

MANAGEMENT CONTRACTS

Save as disclosed herein, no contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

DIRECTORS

The Directors during the Year and up to the date of this report are as follows:

Executive Directors

Mr. Chen Jianbao (Joint chairman and
Joint chief executive officer)
(resigned on 15 September 2015 and
appointed on 23 December 2015)
Ms. Cai Xiuman (Joint chairman)
Mr. Wang Wei (Vice-chairman)
(appointed on 15 September 2015)
Mr. Zhang Wenbin (Joint chief executive officer)
Mr. Huang Jianren (Chief operation officer)
(resigned on 14 April 2016)
Mr. Chen Yuanjian
Mr. Sun Hui Ding (appointed on 15 September 2015)
Mr. Wang Qingshan (appointed on 14 April 2016)

Non-executive Director

Mr. Elul Rafael (resigned on 15 September 2015)

Independent Non-executive Directors

Mr. Chen Jinzhong, Roy (appointed on 14 April 2016)
Mr. Chen Yonghua (appointed on 14 April 2016)
Mr. Lee Ho Yiu Thomas
Mr. Gu Renliang (appointed on 28 July 2015)
Mr. Wu Xiaoqiu (resigned on 14 April 2016)
Mr. Ye Lin (resigned on 14 April 2016)

In accordance with the Articles, at each AGM, one third of the Directors for the time being shall retire from office by rotation and shall be eligible for re-election. Mr. Chen Yuanjian and Mr. Lee Ho Yiu Thomas will retire at the AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the same meeting. Mr. Chen Jianbao, Mr. Wang Wei, Mr. Sun Hui Ding, Mr. Wang Qingshan, Mr. Chen Jinzhong, Roy, Mr. Chen Yonghua and Mr. Gu Renliang will hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the meeting.

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

On 15 September 2015, Mr. Chen Jianbao and Mr. Elul Rafael has resigned as an executive Director and non-executive Director respectively in order to devote more time on their other business commitments. On 23 December 2015, Mr. Chen Jianbao was appointed as an executive Director, Joint Chairman and Joint Chief executive officer of the Company.

On 14 April 2016, Mr. Huang Jianren, Mr, Wu Xiaoqiu and Mr. Ye Lin has resigned as an executive Director and independent non-executive Directors respectively due to other business commitments.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 30 to 34 of this report.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

EMPLOYEES

As at 31 December 2015, the Group had 897 employees in total.

Total staff costs for the year under review amounted to approximately RMB44.6 million and the details are set out in note 12 to the financial statements. The Group determined the remuneration packages of all employees (include the directors) with reference to their qualification, experience, job nature, performance and market condition.

The Group has established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the rules and regulations of the PRC and the existing policy requirements of the local government. The Group also maintains the employee short-term health insurance and unforeseen injury insurance. In addition, the Group provides staff quarters to its employees.

Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the Share Option Scheme (as defined below).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF EQUITY DERIVATIVES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or its associated corporations (as defined by Part XV of the SFO) as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under Section 352 of SFO are as follows:

(A) Long position in shares of the Company:

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding in the Company
Ms. Cai Xiuman (Note 1)	Interest of controlled corporation	694,272,000	43.21%
	Beneficial owner	13,220,000	0.82%
	Interest of spouse	6,000,000	0.37%
Mr. Zhang Wenbin (Note 2)	Interest of spouse	707,492,000	44.03%
	Beneficial owner	6,000,000	0.37%

Notes:

1. Ms. Cai Xiuman is the beneficial owner of the entire issued share capital of Festive Boom Limited which holds 694,272,000 Shares. Ms. Cai Xiuman is also the director of Festive Boom Limited.

2. Mr. Zhang Wenbin is deemed to be interested in the 707,492,000 shares beneficially held by his spouse Ms. Cai Xiuman.

(B) Long position in the underlying shares of the Company:

				Number of share options held							
Holders	Grant date	Exercise from	Exercise until	Balance as at 1 January 2015	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2015	Exercise price (HK$)	Approximate percentage of shareholding in the Company
Ms. Cai Xiuman	17 October 2014	17 October 2014	17 October 2024	6,000,000	–	(6,000,000)	–	–	–	0.72	–
Mr. Zhang Wenbin	17 October 2014	17 October 2014	17 October 2024	6,000,000	–	(6,000,000)	–	–	–	0.72	–
Mr. Huang Jianren	17 October 2014	17 October 2014	17 October 2024	1,000,000	–	–	–	–	1,000,000	0.72	0.06%
Mr. Wu Xiaoqiu	17 October 2014	17 October 2014	17 October 2024	500,000	–	–	–	–	500,000	0.72	0.03%
Mr. Ye Lin	17 October 2014	17 October 2014	17 October 2024	500,000	–	–	–	–	500,000	0.72	0.03%
Mr. Lee Ho Yiu Thomas	17 October 2014	17 October 2014	17 October 2024	500,000	–	–	–	–	500,000	0.72	0.03%
Total:				14,500,000	–	(12,000,000)	–	–	2,500,000		

(C) Long position in shares of the Company's associated corporation(s):

Name of Director	Name of associated corporation	Number of share(s)	Percentage of shareholding in the company
Ms. Cai Xiuman	Festive Boom Limited	1	100%

As at 31 December 2015, save as disclosed herein, none of the Directors and chief executive of the Company were interested in short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under Section 352 of SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, the following persons, other than the Directors and chief executive of the Company, had interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Save as disclosed above, the Directors are not aware of any person, other than the Directors whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares of equity derivatives and debentures" above, who had an interest or short positions in the Shares or underlying Shares that were required to be recorded pursuant to Section 336 of Part XV of the SFO as of 31 December 2015.

Long position in Shares and underlying Shares

Name	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Festive Boom	Limited Beneficial owner	694,272,000	43.21%
Strait Energy Limited	Person having a security interest in shares	644,272,000	40.10%
Strait Energy Investment Company Limited (Note 1)	Interest of controlled corporation	644,272,000	40.10%
中國石油天然氣集團公司(Note 2)	Interest of controlled corporation	644,272,000	40.10%
Central Huijin Investment Ltd. (Note 3)	Person having a security interest in shares	644,272,000	40.10%
China Construction Bank Corporation (Note 4)	Person having a security interest in shares	644,272,000	40.10%

Notes:

1. Strait Energy Investment Company Limited is deemed to be interested in the 644,272,000 Shares as it holds 50% of the issued share capital of Strait Energy Limited.

2. 中國石油天然氣集團公司 is deemed to be interested in the 644,272,000 Shares as it indirectly holds 50% of the issued share capital of Strait Energy Limited and the entire issued share capital of Strait Energy Investment Company Limited.

3. Central Huijin Investment Ltd. is deemed to be interested in the 644,272,000 Shares as it indirectly holds 57.31% of CCB International Securities Limited, which has a security interest over those Shares.

4. China Construction Bank Corporation is deemed to be interested in the 644,272,000 Shares as it indirectly holds the entire issued share capital of CCB International Securities Limited, which has a security interest over those Shares.

EQUITY-LINKED AGREEMENT

Details of the equity-linked agreement entered into during the Year or subsisting at the end of the Year are set out below:

Share Option Scheme

Pursuant to a resolution passed by all the Shareholders on 4 September 2011, the Company has conditionally adopted the share option scheme (the "**Share Option Scheme**") for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Directors were authorised to grant options to subscribe for the Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (as defined in the prospectus of the Company dated 16 September 2011 (the "**Prospectus**")), being 120,000,000 Shares, excluding any options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. On 5 June 2015, a resolution was passed by the Shareholders to refresh the limit of Share Option Scheme, being 136,149,842 Shares, representing 10% of Shares in issue as at the date of that general meeting.

In views of the increase in the Shares in issue since the passing of the refreshment of Shares Option Scheme, the Directors propose to refresh the existing scheme limit for approval by the Shareholders at the forthcoming AGM. If the refreshment of the existing scheme limit is approved at the AGM, based on the 1,606,498,422 Shares in issue as at the date of this report and assuming that the issued share capital of the Company remains unchanged on the date of the AGM, the Company will be allowed under the "refreshed limit" to grant options carrying the rights to subscribe for up to a total of 160,649,842 Shares, representing 10% of the issued share capital of the Company as at the AGM.

Unless otherwise approved by the Shareholders in general meeting, the number of Shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the Shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors. Unless otherwise approved by the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules, the number of Shares that may be granted to a substantial Shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the Shares in issue, having an aggregate value in excess of HK$5 million, within any 12-month period.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a Share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share. Each grantee shall pay HK$1.00 to the Company at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

Further details of the Share Option Scheme are set out in note 34 to the financial statements and the announcements of the Company dated 17 October 2014 and 6 July 2015. Details of movements in the options granted under the Share Option Scheme of other eligible participants during the year ended 31 December 2015 are as follows:

				Number of share options held						
Category	Grant date	Exercise from	Exercise until	Balance as at 1 January 2015	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2015	Exercise price (HK$)	Approximate percentage of shareholding in the Company
Employees of the Group	17 October 2014	17 October 2014	17 October 2024	14,000,000	–	(3,000,000)	–	–	11,000,000	0.72	0.68%
Business partners and consultants of the Group	17 October 2014	17 October 2014	17 October 2024	10,000,000	–	(10,000,000)	–	–	–	0.72	0.00%
				24,000,000	–	(13,000,000)	–	–	11,000,000		

On 3 July 2015, the Company has granted to fifteen eligible persons (the "**Grantees**") being, certain employees, business partners and consultants of the Company and its subsidiaries, a total of 136,149,842 share options to subscribe for 136,149,842 new ordinary shares of HK$0.10 each in the share capital of the Company. However, the offer of grant of share options had not been accepted by the Grantees, therefore, 136,149,842 share options have not been granted by the Company to the Grantees.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 149,649,842, representing approximately 9.32% of the issued share capital of the Company.

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

The Company has issued and allotted 25,000,000 new ordinary shares at par value of HK$0.72 as a result of the exercise of share options to the share option holders of the Company.

The Company has also issued and allotted 64,998,422 new ordinary shares at a price of HK$1.097 as the consideration shares of the acquisition of 51% equity interest in Beijing Ah Huo System Networks Co., Ltd. which was completed on 16 April 2015.

On 28 May 2015, the Company entered into a placing agreement with Brilliant Norton Securities Company Limited (the "**Placing Agent 1**"), pursuant to which the Company conditionally agreed to place, through the Placing Agent 1, up to a maximum of 175,000,000 new ordinary shares of HK$0.10 each in the capital of the Company (the "**Placing Share 1**"), on a best efforts basis to no fewer than six independent placees at the placing price of HK$0.65 per Placing Share 1 (the "**Placing 1**").

The closing price per ordinary share as quoted on the Stock Exchange on 28 May 2015, being the date of the placing agreement was HK$0.75. The net price for each Placing Share 1 was approximately HK$0.645.

The Directors (including the independent non-executive Directors) considered that as a result of the Placing 1, the Company could broaden its shareholders' base and capital base. The Directors (including the independent non-executive Directors) considered that the terms of the Placing 1 were fair and reasonable based on the current market conditions and the Placing 1 was in the interests of the Company and the Shareholders as a whole.

The Placing 1 was completed on 8 June 2015. An aggregate of 175,000,000 Placing Shares 1 has been successfully placed to more than six placees at a price of HK$0.65 per Placing Share 1, raising gross proceeds of HK$113,750,000. The net proceeds from the Placing 1 amount to approximately HK$112,840,000 which would be intended to be applied for potential acquisition activities as identified by the Group from time to time and as the general working capital of the Group.

The actual use of proceeds from equity fund raising is as follows:

(i) HK$40.0 million (35.5%) for prepayment and payment for trading and business operation;

(ii) HK$3.2 million (2.8%) for administration expenses; and

(iii) HK$69.6 million (61.7%) remain unused as cash and bank balances.

Details of the above transaction were published in the Company's announcements dated 29 May 2015 and 8 June 2015.

On 12 August 2015, the Company entered into a placing agreement with the Placing Agent 1, pursuant to which the Company conditionally agreed to place, through the Placing Agent 1, up to a maximum of 60,000,000 new ordinary shares of HK$0.10 each in the capital of the Company (the "**Placing Share 2**"), on a best efforts basis to no fewer than six independent placees at the placing price of HK$0.70 per Placing Share 2 (the "**Placing 2**").

The closing price per ordinary share as quoted on the Stock Exchange on 12 August 2015, being the date of the placing agreement was HK$0.84. The net price for each Placing Share 2 was approximately HK$0.69.

The Directors (including the independent non-executive Directors) considered that as a result of the Placing 2, the Company could broaden its shareholders' base and capital base. The Directors (including the independent non-executive Directors) considered that the terms of the Placing 2 were fair and reasonable based on the current market conditions and the Placing 2 was in the interests of the Company and the Shareholders as a whole.

The Placing 2 was completed on 31 August 2015. An aggregate of 60,000,000 Placing Shares 2 has been successfully placed to more than six placees at a price of HK$0.70 per Placing Share 2, raising gross proceeds of HK$42,000,000. The net proceeds from the Placing 2 amount to approximately HK$41,400,000 which would be intended to be applied for potential acquisition activities as identified by the Group from time to time and as the general working capital of the Group.

The actual use of proceeds from equity fund raising is as follows:

(i) HK$11.5 million (27.8%) for prepayment and payment for trading and business operation; and

(ii) HK$29.9 million (72.2%) remain unused as cash and bank balances.

Details of the above transaction were published in the Company's announcements dated 12 August 2015 and 31 August 2015.

Save as disclosed above, the Company did not redeem any of its listed securities during the year and neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

On 16 April 2015, the Group completed the acquisition of 51% equity interest of Beijing Ah Huo System Networks Co., a company established in the PRC with limited liability on 9 December 2014. The Vendor, through certain reorganisation to effectuate, among others, the transfer of certain mobile game business including a mobile game "**Ah Huo**（阿火）" and the related assets and interest to Beijing Ah Huo System Networks Co. The acquisition was detailed in the announcements of the Company dated 16 December 2014 and 16 April 2015.

On 5 November 2015, the Board announced that, Sino Africa Energy Holdings Company Limited, a wholly owned subsidiary of the Company (the "**Purchaser**") entered into the acquisition agreement with Supreme Trillion Investment Limited (the "**Vendor**"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the 100 shares in Peak Business Asia Limited, a company incorporated under the laws of British Virgin Islands with limited liability (the "**Target Company**"), representing 100% equity interest in the Target Company, at the consideration of HK$215,000,000. The acquisition was detailed in the announcements of the Company dated 5 November 2015 and 22 January 2016.

As at 31 December 2015, save as disclosed herein, there was no significant investment, material acquisitions and disposal of subsidiaries by the Company.

PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficiency of public float at all times during the year ended 31 December 2015 and at any time up to the date of this report.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the normal course of business are provided under note 40 to the financial statements, and none of which constitutes a connected transaction as defined under the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 27 November 2013, on 20 November 2013, Festive Boom Limited, a controlling Shareholder, pledged 694,272,000 ordinary shares in the share capital of the Company (the "**Pledged Shares**") in favour of an independent third party as security for a bond issued by Festive Boom Limited with principal amount of HK$240,000,000 (the "**Bond**"). The Pledged Shares in aggregate represent approximately 43.21% of the issued share capital of the Company as at the date of this annual report.

Among the proceeds of the HK$240,000,000 from the issue of the Bond, Festive Boom Limited has provided an advance amounted RMB31,000,000 to the Company for the Group's use in the purchase of its production facilities in the production plants in Jiangsu province. Such amount due to Festive Boom Limited is unsecured, interest-free and repayable on demand. As at the date of this annual report, the pledge of the Pledged Shares has not been released.

DEED OF NON-COMPETITION

The Company entered into a deed of non-competition (the "**Deed of Non-Competition**") with Ms. Cai Xiuman, Mr. Zhang Wenbin and Festive Boom Limited (collectively referred to as the "**Controlling Shareholders**") on 4 September 2011 so as to better safeguard the Group from any potential competition with effect from 28 September 2011 and to formalise the principles for the management of potential conflicts between them and to enhance our corporate governance in connection with the listing of the Shares on the Stock Exchange.

The independent non-executive Directors have reviewed compliance by the Controlling Shareholders and confirm that based on confirmations and information provided by each of the Controlling Shareholders, they were in compliance with the Deed of Non-Competition during the year ended 31 December 2015.

The independent non-executive Directors were not required to review any matter in relation to compliance and enforcement of the Deed of Non-Competition during the year ended 31 December 2015.

CHANGE OF COMPANY NAME

The Board announced that subsequent to the approval of the change of company name by the Shareholders by the way of a special resolution at the EGM held on 30 November 2015, the Company has completed the necessary filing procedures with the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong for the change of the English name of the Company from "**Active Group Holdings Limited**" to "**Sino Energy International Holdings Group Limited**" and the change of the dual foreign name of the Company from "**動感集團控股有限公司**" to "**中能國際控股集團有限公司**".

The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 30 November 2015 and 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 11 December 2015, confirming the Company has altered its name and was thereafter registered under the name of "Sino Energy International Holdings Group Limited 中能國際控股集團有限公司" in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

AUDITOR

The consolidated financial statements for the years ended 31 December 2013 and 2014 were audited by KPMG and the consolidated financial statements for the year ended 31 December 2015 was audited by ZHONGHUI ANDA CPA Limited ("**Zhonghui**").

Zhonghui will retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of Zhonghui as auditor of the Company is to be proposed at the AGM.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend the AGM, the register of members of the Company will be closed from 23 June 2016 to 28 June 2016 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 22 June 2016.

On behalf of the Board

Cai Xiuman
Chairman

Hong Kong, 31 March 2016

Board of Directors and Senior Management

Biographies of each member of the Directors and senior management team are set out below:

EXECUTIVE DIRECTORS

Mr. Chen Jianbao（陳建寶）, aged 41, is the Joint chairman and Joint chief executive officer of the Group and an executive Director, graduated from Xian Politics Institute, China where he majored in Economics and Management and holds a master degree from the School of Economics and Management of Tsinghua University, China. Since 2011, Mr. Chen has been the managing director of Beijing Bai Na Sheng Shi International Culture Company Limited. Mr. Chen has also been the managing director of Beijing Ideva Energy Management Company Limited since 2013. Before that, Mr. Chen was an officer of the media project team of News and Information Centre of Xinhua News Agency. Mr. Chen was appointed as an executive director of North Mining Shares Company Limited（北方礦業股份有限公司）, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 433), from April 2015 to August 2015. Mr. Chen was also appointed as an executive director of the Company from July 2015 to September 2015. Mr. Chen has extensive experience in corporate management.

Ms. Cai Xiuman（蔡秀滿）, aged 45, is the Joint chairman of the Group and an executive Director. Ms. Cai was appointed as a Director on 12 February 2010. She is a founder of the Group and primarily responsible for overall strategic business development, management and operation. Ms. Cai joined the Group in 1995 and served as a general manager in Shishi Haomai responsible for strategic planning and sales management. She established Jinmaiwang Fujian in 2003 and served as a deputy manager, responsible for overall finance and administration. She further established Luotuo Quanzhou in 2005. Ms. Cai has over 20 years of experience in sales and marketing in shoe manufacturing industry. Prior to joining the Group, Ms. Cai worked in a shoe manufacturing company, namely Shishi City De Shili Shoes Industry Company Limited（石獅市德士利鞋業有限公司）, and was responsible for financial management. Ms. Cai is the wife of Mr. Zhang Wenbin, another executive Director.

Mr. Wang Wei（王煒）, aged 59, Han, is an executive Director, Mr. Wang graduated from Xi'an University of Architecture and Technology of China with a bachelor degree in civil engineering and a master degree in building economics. Mr. Wang has worked at the Shaanxi Provincial Construction Corporation as the project leader, the director of the Agency and the company manager. Mr. Wang has won the National Labor Medal and the title of outstanding business managers. He was also appointed as the general manager of the South African Golden Nest international Group, the chairman of the board and the president of Africa and China Engineering Association. With more than twenty years of experience in the construction business in Africa, Mr. Wang is committed to China-Africa economic and trade exchanges with no spare effort.

Mr. Zhang Wenbin（張文彬）, aged 49, is the Joint chief executive officer of the Group and an executive Director. Mr. Zhang was appointed as a Director on 2 February 2011. He is a founder of the Group and has over 20 years of experience in shoes manufacturing industry. Mr. Zhang established Shishi Haomai in 1995 and served as a deputy general manager. He has been appointed as the chief executive director and general manager of Jinmaiwang Fujian since 2003. In 2007, Mr. Zhang was appointed as the deputy council chairman of the 3rd Bao Gai Business Association of Shishi City（石獅市寶蓋商會）and was a representative of the 4th National People's Congress of the People's Republic of Congress of Shishi City from 2003 to 2006. Prior to joining the Group, Mr. Zhang worked in a shoe manufacturing company, namely Shishi City De Shili Shoes Industry Company Limited（石獅市德士利鞋業有限公司）, and was responsible for sales management. Mr. Zhang is currently a committee member of Shishi Industrial and Commercial Commission（石獅市工商業聯合會）and Shishi Association for Quality and Technical Supervision（石獅市質量技術監督協會）. Mr. Zhang is the husband of Ms. Cai Xiuman, another executive Director.

* *For identification purposes only*

Mr. Huang Jianren (黃建仁), aged 38, is the chief operation officer of the Group and an executive Director. Mr. Huang was appointed as a Director on 2 February 2011. He has over 10 years of experience in accounting and finance. He joined the Group in 2000 and was appointed as a manager in finance department of the Group responsible for financial management. Prior to joining the Group, Mr. Huang served as a finance manager in a sporting goods company, namely Wish (Xiamen) Sporting Goods Co., Ltd. (偉士(廈門)體育用品有限公司). Mr. Huang graduated from Fujian Province Financial Management Civil Servant College (福建省財會管理幹部學院) with a diploma in account and audit in 2007.

Mr. Chen Yuanjian (陳元建), aged 52, joined the Group in 2009 and was appointed as an executive Director. Mr. Chen was appointed as a Director on 2 February 2011. He is responsible for the financial management of the Group. He has over 23 years of experience in financial management. Prior to joining the Group, Mr. Chen served as an assistant to the chief executive officer and a chief financial officer of Putian Ailiai Xiefu Company Limited (莆田艾力艾鞋服有限公司) from 2007 to 2009. He was an accountant in Putian City Shengfeng Asset Auction Company Limited (莆田市盛峰資產拍賣有限公司) from 2004 to 2006. Mr. Chen was appointed as an executive director of Quality Food International Limited (later renamed as China Power New Energy Development Company Limited), a company listed on the Stock Exchange (stock code: 735), between 1999 to 2002. Between 1996 to 2003, he served as a chief financial controller in Fujian Sanhua Shiye Company Limited (福建省三華實業有限公司). Mr. Chen was a financial manager of Fujian Xinwei Electronics Industry Co. Ltd. (福建省新威電子工業有限公司) from 1994 to 1996. From 1991 to 1993, he was the manager of finance department of Fujian Yaowah Glass Industry Group Co., Ltd. (福建耀華玻璃工業集團股份有限公司). Mr. Chen graduated from Xiamen University (廈門大學) with a diploma of accounting in 1985.

Mr. Sun Hui Ding (孫惠定), aged 66, is an executive Director. Mr. Sun was appointed as the division head of Shanghai Changjiang Machinery Factory in 1979. In 1985, Mr. Sun was appointed as the secretary of the communist party committee of Shanghai Xinguang Telecom Factory. Since 1990, Mr. Sun has been the director of Shanghai Aerospace Bureau. From 1993 to 2006, Mr. Sun had been the president of Shanghai Secondary Bonded Commodities Market Company Limited* (上海保税商品交易市場第二市場有限公司), general manager of Shanghai New Development Import & Export Enterprises Company Limited* (上海新發展進出口貿易實業有限公司), chairman of the Shanghai New Development Commercial Advisory Co. Ltd., chairman of Shanghai New Development International Logistics Co. Ltd., president of Shanghai Wai Gaoqiao Modern Service Trading Co. Ltd., chairman of Shanghai Wai Gaoqiao Import & Export Trade Company Limited* (上海外高橋進出口貿易有限公司) and the chairman of the clock and watch market of Shanghai Wai Gaoqiao Free Trade Zone. Later, from 2006 to 2012, he acted as the standing deputy general manager of national base for international cultural trade in Shanghai Wai Gaoqiao Free Trade Zone. Since 2015, Mr. Sun has been appointed as the chairman and general manager of Shanghai Yipan Cultural Development Co. Ltd.

Mr. Wang Qingshan (王慶三), aged 76, is an executive Director. Mr. Wang obtained a degree in Refinery and Chemical Engineering from Xi'an Shiyou Institute (now known as Xi'an Shiyou University). Following graduation, Mr. Wang joined Fushun Petroleum Institute under the Ministry of Petroleum Industry (石油工業部撫順石油學院) which is currently subordinated to Petro Factory I of PetroChina Fushun Petrochemical Company (中石油撫順石化公司石油一廠) and had taken up positions of factory director and chief engineer. Later, he joined Shenzhen Nanyou (Holdings) Ltd. (深圳南油集團公司) in 1989 and had served as chairman and general manager of Nanyou Petroleum & Chemicals Co., Ltd. (南油石化公司). From 2001 to 2005, Mr. Wang worked in Geomaxima Holdings Company Limited, a company listed in the Stock Exchange as vice general manager. During 2006, Mr. Wang was chief engineer and consultant of Dongguan Yelian Petroleum Bitumen Co., Ltd (東莞市曄聯改性道路瀝青有限公司). Mr. Wang has gained extensive experience in aspect of operation and management within petrochemical enterprises (including production, storage and transportation), early stage preparation and construction for petrochemical engineering (refinery, petrochemical and storage), as well as construction and management for railway lines and petrochemical terminals dedicated for transportation of hazardous articles.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Jinzhong, Roy（陳錦忠）, aged 44, is an independent non-executive Director. Mr. Chen graduated from the Finance Institute of Nankai University and majored in International Finance. He also obtained a master's degree in Business and Administration from the University of South Australia. Mr. Roy Chen joined Fujian Huaxing Trust and Investment Company Limited（福建華興信託投資公司）in 1993. Later, in 1997, he took up the position of general manager of Securities Operation Department in Golden Sino (Holdings) Limited（香港華財集團控股有限公司）, responsible for conducting analysis and research into economic situation, selection of equity investment, research into listed companies and the company's equity investment. From 2004 to 2011, Mr. Roy Chen worked in China Packaging Group Company Limited, a company listed in Hong Kong (stock code: 572), as general manager assistant, responsible for the company's financial investment and conducting timely in-depth research into investing sectors, bank and investor relations coordination, and assisting the company in capital market activities such as merger and acquisition, assets restructuring and business reorganization. From 2011 and 2013, Mr. Roy Chen worked for Huafeng Group Holdings Limited (now known as Ping Shan Tea Group Limited), a company listed in Hong Kong (stock code: 364), as general manager assistant, responsible for bank and investor relations coordination.

Mr. Chen Yonghua（陳永華）, aged 50, is an independent non-executive Director. Mr. Chen graduated from School of Law, Xiamen University. From 1988 to 1995, Mr. Chen was a lawyer at Fujian Lawyers Association（福建省律師協會）. In 1996, Mr. Chen was a partner and director at Fujian Guofu Law Firm（福建國富律師事務所）and became a partner of Trend Associates（福建創元律師事務所）in 2000. Since 2014, Mr. Chen has been a senior equity partner lawyer and the chief of the management committee of Beijing Yingke (Fuzhou) Law Firm（北京市盈科（福州）律師事務所）. In December 2001, Mr. Chen attended the training course for independent director of listed companies jointly organised by China Securities Regulatory Commission and Fudan University School of Management and acquired a graduation certificate of "the training course for independent director of listed companies". In his long-lasting career as a lawyer, Mr. Chen accumulated profound expertise and practical experience. He is particularly sophisticated at the front of offshore and onshore company restructuring, corporate finance and listing. Mr. Chen is familiar with the operation rules of the security market in Hong Kong, Singapore, Australia, Europe and the United States of America and has accumulated experience from successful listing of a number of enterprises in Korea, Germany, the United Kingdom and Australia. Mr. Chen was a member of the standing committee and disciplinary committee of Fujian Lawyer Association Provincial Branch（福建省律師協會省直分會理事會及懲戒委員會）and the head of the professional legal litigation and arbitration committee of Fujian Lawyer Association Provincial Branch（福建省律師協會省直分會訴訟與仲裁法律專業委員會）.

Mr. Lee Ho Yiu Thomas（李浩堯）, aged 38, was appointed as an independent non-executive Director on 4 September 2011. Mr. Lee has 14 years of experience in auditing, accounting and financial management. He is now the partner of Lee, Au & Co. Certified Public Accountant. Mr. Lee previously worked as an assistant financial controller in The Beauty Group and also worked at KPMG from 2000 to 2005. Mr. Lee is a fellow of the Association Chartered Certified Accountants, a practising member of the Hong Kong Institute of Certified Public Accountants, a certified tax adviser and a member of the Hong Kong Taxation Institute, a certified internal auditor and a member of the Institute of Internal Auditors, a certified information systems auditor and a member of the ISACA. Mr. Lee holds a bachelor's degree of science in accounting and finance from University of Warwick and a second bachelor's degree in Law from the Tsinghua University. Mr. Lee served as an independent non-executive director of ABC Communications (Holdings) Limited (stock code: 0030), a company listed on the Main Board of the Stock Exchange between January 2011 to February 2013. Mr. Lee is currently an independent non-executive director of Suncorp Technologies Limited (stock code: 1063) and Dongwu Cement International Limited (stock code: 695), both companies are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Inno-Tech Holdings Limited (stock code: 8202), a company listed on the GEM Board of the Stock Exchange. Save as disclosed above, Mr. Lee did not hold any directorship in any other listed companies in the past three years.

Mr. Wu Xiaoqiu（吳曉球）, aged 57, was appointed as an independent non-executive Director on 4 September 2011. He is a deputy dean of postgraduate house（研究生院）, a committee member of academic board（學術委員會）, the head of the Finance and Securities Research Institute（金融與證券研究所）and professor of School of Account and Finance（財經金融學院）of Renmin University of China（中國人民大學）since 2002. Mr. Wu served as an independent director of Haitong Securities Co., Ltd（海通證券股份有限公司）, a company listed in the PRC, between July 2007 to May 2011. He is also an assistant to the principal of the Renmin University of China. Mr. Wu is currently appointed as a supervisor of Bank of Beijing（北京銀行股份有限公司）. He also served as an independent director of Yonyou Software Co., Ltd.（用友軟件股份有限公司）, Industrial Securities Co., Ltd.（興業證券股份有限公司）and Xinyu Iron & Steel Co., Ltd.（新余鋼鐵股份有限公司）, all of which are companies listed in the PRC. Mr. Wu obtained a bachelor degree of Economics from Jiangxi University of Finance and Economics（江西財經大學）in 1983. He further obtained a master degree in citizens economic planning and management and doctoral degree in economics in Renmin University of China in 1986 and 1990 respectively.

Mr. Ye Lin（葉林）, aged 52, was appointed as an independent non-executive Director on 4 September 2011. Mr. Ye has about 23 years of experience in legal profession. He is a deputy officer of the Civil and Commercial Law Education and Research Office（民商法教研室）, the head of the Companies Law and Securities Law Research Institute（公司法與證券法研究所）and council member of the Institute of Lawyers（律師學院）of the Renmin University of China. He has also served as a professor in the Renmin University of China since 2000. Mr. Ye is currently an independent director of HSBC Jintrust Fund Management Company Limited（匯豐晉信基金管理有限公司）. Mr. Ye has been appointed as an independent director of each of Guirenniao Co., Ltd.（貴人鳥股份有限公司）and Guangdong Guanhao High-tech Co., Ltd.（廣東冠豪高新科技股份有限公司）, both are companies listed in the PRC. Mr. Ye obtained a bachelor degree of law, a master degree of law and a doctoral degree of law in Renmin University of China in 1985, 1989 and 1993 respectively. Save as disclosed above, Mr. Ye did not hold any directorship in any other listed companies in the past three years.

Save as disclosed otherwise in this annual report, the Directors have confirmed that there is no other information which is required to be disclosed under Rule 13.51(2)(h)-(v) of the Listing Rules.

SENIOR MANAGEMENT

Mr. Wu Shulin (吳樹林), aged 50, joined the Group in 2003 and was appointed as a sales and marketing director (營銷總監). He is responsible for strategic planning, sales and management of the Group. Mr. Wu is also a general manager of Luotuo Quanzhou since 2005. He has over 20 years of experience in sales and marketing. Prior to joining the Group, Mr. Wu served as business manager of a commodity factory Shishi Xinhu Commodity Factory (石獅新湖日用品廠) from 1984 to 1990. Between 1991 to 2002, he served as a deputy general manager of Shishi Dexiang Food Company Limited (石獅德祥食品有限公司). Mr. Wu is the husband of Mr. Zhang Wenbin's younger sister.

Mr. Zhang Zuqiao (張祖僑), aged 41, joined the Group in 1998 and was appointed as the technical director (技術總監) of the Group since 2001. Mr. Zhang is responsible for the development of new products and management of production technology of the Group. Mr. Zhang has over 12 years of experience in shoe manufacturing.

Independent Auditor's Report to the Shareholders of
Sino Energy International Holdings Group Limited
(formerly known as Active Group Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sino Energy International Holdings Group Limited (Formerly known as Active Group Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 83, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, 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 the 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 qualified audit opinion.

BASIS FOR QUALIFIED OPINION

1. Opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 31 December 2014 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. The predecessor auditor's audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014 was disclaimed because of the significance of the possible effect of the limitations on the scope of their audit and the material uncertainty relating to the going concern basis, details of which are set out in the predecessor's auditor's report dated 31 March 2015.

There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (as further detail explained in the following paragraphs) shown in the current year's consolidated financial statements.

2. Trade receivables and advances to suppliers

Up to the date of this report, we have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to (i) the recoverability of trade receivables of RMB137,646,000 and RMB272,990,000 as at 31 December 2015 and 2014 respectively; (ii) the recoverability of advances to suppliers of RMB105,871,000 and RMB298,154,000 as at 31 December 2015 and 2014 respectively; and (iii) whether the allowance for non-recovery for the trade receivables and advances to suppliers amounting to RMB184,988,000 and RMB192,283,000 respectively for the year ended 31 December 2015 and the allowance for non-recovery for the trade receivables and advances to suppliers amounting to RMB26,370,000 and RMB15,010,000 respectively for the year ended 31 December 2014 are properly recorded.

3. Prepayments for development of online marketplace

Up to the date of this report, we have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves whether (i) the prepaid amount of RMB79,554,000 as included in the trade and other receivables as at 31 December 2014; and (ii) the impairment provision for that whole amount of RMB79,554,000 for the year ended 31 December 2015 are properly recorded.

4. Construction in progress

Up to the date of this report, we have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves whether (i) the carrying amount of RMB74,699,000 of the construction in progress as at 31 December 2014 and its impairment provision of RMB51,548,000 for the year ended 31 December 2014; and (ii) the reversal of impairment provision of RMB48,151,000 for the year ended 31 December 2015 are properly recorded.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the years ended 31 December 2014 and 2015, the financial positions of the Group as at 31 December 2014 and 2015, and the related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraphs, 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 International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

Without further qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates the Group incurred a loss attributable to owners of the Company of approximately RMB544,403,000 and operating cash outflows of RMB286,831,000 for the year ended 31 December 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614
Hong Kong, 31 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	7	**290,545**	584,270
Cost of sales		**(265,705)**	(521,412)
Gross profit		**24,840**	62,858
Other income	8	**2,607**	4,591
Distribution and selling expenses		**(9,652)**	(22,925)
Administrative expenses		**(494,503)**	(163,145)
Loss from operation		**(476,708)**	(118,621)
Finance costs	10	**(54,845)**	(17,167)
Loss before tax		**(531,553)**	(135,788)
Income tax	11	**(11,115)**	5,447
Loss for the year	12	**(542,668)**	(130,341)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**5,465**	(202)
Total comprehensive loss for the year		**(537,203)**	(130,543)
Profit/(loss) for the year attributable to:			
Owners of the Company		**(544,403)**	(130,341)
Non-controlling interests		**1,735**	–
		(542,668)	(130,341)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**(538,938)**	(130,543)
Non-controlling interests		**1,735**	–
		(537,203)	(130,543)
Earnings per share	15		
Basic and diluted (RMB)		**(0.37)**	(0.11)

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	16	**144,876**	120,471
Intangible assets	17	**1,645**	3,532
Prepaid land lease payments	18	**5,174**	5,281
Deposits paid for acquisition of property, plant and equipment	19	**31,692**	71,924
Prepayment for acquisition of a subsidiary	30	**83,780**	–
Goodwill	20	**49,363**	–
Deferred tax assets	31	**–**	13,931
		316,530	215,139
Current assets			
Inventories	21	**171,731**	107,195
Trade and other receivables	22	**887,146**	1,022,142
Prepaid land lease payments	18	**129**	129
Amount due from a director	23	**174,449**	17,820
Pledged deposits	24	**78,083**	117,040
Bank and cash balances	25	**262,202**	104,047
		1,573,740	1,368,373
Current liabilities			
Trade and other payables	26	**454,234**	332,474
Amount due to a director	27	**–**	12,306
Tax payables		**23,436**	25,409
Debentures	29	**1,676**	–
Bank loans	28	**198,627**	219,239
		677,973	589,428
Net current assets		**895,767**	778,945
Total assets less current liabilities		**1,212,297**	994,084
Non-current liabilities			
Debentures	29	**862,436**	373,214
Promissory note	30	**83,780**	–
Receipt in advance		**–**	2,445
Deferred tax liabilities	31	**–**	3,997
		946,216	379,656
NET ASSETS		**266,081**	614,428

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Capital and reserves			
Share capital	32	**130,258**	104,381
Reserves	33(a)	**133,063**	510,047
Equity attributable to owners of the Company		**263,321**	614,428
Non-controlling interests		**2,760**	–
TOTAL EQUITY		**266,081**	614,428

The consolidated financial statements on pages 38 to 83 were approved and authorised for issue by the board of directors on 31 March 2016 and are signed on its behalf by:

Approved by:

Cai Xiuman
Director

Zhang Wenbin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital RMB'000	**Share premium** RMB'000	**Other reserve** RMB'000	**Statutory reserve** RMB'000	**Capital reserve** RMB'000	**Foreign currency translation reserve** RMB'000	**Retained profits/ (accumulated loss)** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2014	97,935	152,163	2,268	27,935	–	1,032	382,997	664,330	–	664,330
Total comprehensive loss for the year	–	–	–	–	–	(202)	(130,341)	(130,543)	–	(130,543)
Shares issued under share option scheme	6,446	63,171	–	–	(23,206)	–	–	46,411	–	46,411
Equity settled share-based transactions	–	–	–	–	34,230	–	–	34,230	–	34,230
At 31 December 2014	104,381	215,334	2,268	27,935	11,024	830	252,656	614,428	–	614,428
At 1 January 2015	**104,381**	**215,334**	**2,268**	**27,935**	**11,024**	**830**	**252,656**	**614,428**	**–**	**614,428**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**5,465**	**(544,403)**	**(538,938)**	**1,735**	**(537,203)**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,025**	**1,025**
Shares issued under share option scheme (note 34b)	**1,973**	**19,334**	**–**	**–**	**(7,135)**	**–**	**–**	**14,172**	**–**	**14,172**
Issue of consideration shares (note 36)	**5,141**	**45,238**	**–**	**–**	**–**	**–**	**–**	**50,379**	**–**	**50,379**
Placing of new shares under general mandate (note 32 a and b)	**18,763**	**104,517**	**–**	**–**	**–**	**–**	**–**	**123,280**	**–**	**123,280**
At 31 December 2015	**130,258**	**384,423**	**2,268**	**27,935**	**3,889**	**6,295**	**(291,747)**	**263,321**	**2,760**	**266,081**

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Loss before tax	(531,553)	(135,788)
Adjustments for:		
Finance costs	54,845	17,167
Interest income	(2,470)	(1,934)
Depreciation	3,931	5,519
Amortisation of lease prepayments	107	141
Amortisation of intangible assets	2,539	734
Net foreign exchange gain	–	(69)
Impairments loss on goodwill	–	–
Impairments loss on trade receivables	184,988	26,370
Impairment loss on trade prepayments	192,283	15,010
Impairment loss of intangible assets	2,798	51,548
Impairment loss of prepayments	79,554	–
Reversal of impairment loss of other receivables	(880)	–
Reversal of impairment loss of construction in progress	(48,151)	–
Impairment of inventories	34,507	1,782
Loss on disposal of property, plant and equipment	95	–
Equity settled share-based payment for employees	–	14,405
Equity settled share-based payment for business partners and consultants	–	19,825
Operating cash flows before working capital changes	(27,407)	14,710
Change in inventories	(99,042)	4,931
Change in trade and other receivables	(260,957)	(159,792)
Change in trade and other payables	104,114	(58,190)
Cash used in operations	(283,292)	(198,341)
Tax paid	(3,539)	(6,474)
Net cash used in operating activities	(286,831)	(204,815)
Cash flows from investing activities		
Acquisition of a subsidiary	(10)	–
Purchase of property, plant and equipment	(48)	(62,590)
Purchase of intangible assets	(520)	–
Refund of the deposit for acquisition of property, plant and equipment	2,000	–
Interest received	2,470	1,934
Changes in pledged deposits	38,957	(8,182)
Net cash generated from/(used in) investing activities	42,849	(68,838)

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Cash flows from financing activities		
New bank loans raised	178,998	232,673
Repayment of bank loans	(199,610)	(222,500)
Proceeds from issuing debentures	488,451	373,214
Interest paid	(39,690)	(12,882)
Changes in amount due (from)/to a director	(168,935)	(29,261)
Proceeds from issue of shares under general mandate	123,280	–
Proceeds from issue of shares under share option	21,307	23,873
Net cash generated from financing activities	403,801	365,117
Net increase in cash and cash equivalents	159,819	91,464
Cash and cash equivalents at beginning of year	104,047	12,695
Effect of changes in foreign exchange rate	(1,664)	(112)
Cash and cash equivalents at end of year	262,202	104,047
Analysis of cash and cash equivalents		
Bank and cash balances	262,202	104,047

1. GENERAL INFORMATION

Sino Energy International Holdings Group Limited (formerly known as Active Group Holdings Limited) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 3509, Floor 35, Shun Tak Centre West Tower, No. 168-200 Connaught Road Central, Sheung Wan, Hong Kong, respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively the "Group") were principally engaged in manufacturing and sale of casual footwear, apparel and related accessories and operating of a mobile game in the People's Republic of China (the "PRC"). The principal activities of the Company's subsidiaries are set out in note 40 to the consolidated financial statements.

As approved by shareholders of the Company at an extraordinary general meeting held on 30 November 2015 and by the Registrar of Companies in the Cayman Islands on 30 November 2015, the name of the Company has been changed from "Active Group Holdings Limited" to "Sino Energy International Holdings Group Limited" and the dual foreign name of the Company has been changed from "動感集團控股有限公司" to "中能國際控股集團有限公司". The English stock name of the Company for trading in its shares on the Stock Exchange has been changed from "ACTIVE GROUP" to "SINO ENERGY INT" with its Chinese stock shares name being changed from "動感集團" to "中能國際控股" with effect on 23 December 2015.

2. BASIS OF PREPARATION

Going concern

The Group incurred a loss attributable to owners of the Company of RMB544,403,000 and operating cash outflows of RMB286,831,000 for the year ended 31 December 2015. Furthermore, bank loans totaling approximately RMB198,627,000 were due for renewal or repayment within the next twelve months and as disclosed in note 27. The covenants in relation to certain bank loans of the Group totaling approximately RMB44,900,000 as at 31 December 2015 were breached. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities as and when they fall due given that the Company has on 25 March 2016 entered into an unsecured non-revolving loan facility agreement with Ms. Cai Xiuman, the substantial shareholder of the Company whereas the substantial shareholder agreed to grant an unsecured loan facility of up to a maximum amount of RMB400,000,000 to the Company for funding the Group's operations for a term of 24 months from the date of the agreement. The directors of the Company are of the opinion that the liquidity and the financial resources of the Group are significantly enhanced since the loan facility has become available.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group financial statements and amounts reported for the current year and prior years.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements have been prepared under the historical cost convention as explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRSs requires the use of key assumptions and estimates. It also requires directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements are disclosed in note 5 to the financial statements.

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

Consolidation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Consolidation *(continued)*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Business combination and goodwill

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

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

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Foreign currency translation

(a) Functional and presentation currency

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

(c) Translation on consolidation

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

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

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

- All resulting exchange differences are recognised in the foreign currency translation reserve.

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

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

Property, plant and equipment

Buildings comprise mainly factories and offices. Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

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

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

Buildings	The shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion
Plant and Machinery	5-10 years
Furniture, fittings and equipment	5 years
Motor vehicles	5-10 years

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

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

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

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Trademarks	5-10 years
Patent	2 years

Both the period and method of amortisation are reviewed annually.

Operating leases

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

Inventories

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

Recognition and derecognition of financial instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Trade and other receivables

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Trade and other payables

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

Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the provision of services is recognised when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

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

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

(b) Pension obligations

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

(c) Termination benefits

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

Share-based payments

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

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

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

Taxation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

Related parties

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

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Provisions and contingent liabilities

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

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

Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

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

Critical judgements in applying accounting policies

(a) Going concern basis

These financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the substantial shareholder at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2 to financial statements.

Key sources of estimation uncertainty

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

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment loss for bad and doubtful debts

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

(c) Allowance for slow-moving inventories and net value of inventories

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

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. No impairment of goodwill was recognised for the year ended 31 December 2015.

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, the management review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivable. In this regard, the management consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 19% (2014: 4%) and 44% (2014: 16%) of the Group's trade and other receivables were due from the Group's largest customer and the five largest customers, respectively.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

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

The maturity analysis of the Group's financial liabilities is as follows:

	Carrying amounts	Total contractual undiscounted cash flow within one year or on demand			
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015					
Trade and other payables	**437,151**	**437,151**	**–**	**–**	**–**
Borrowings	**198,627**	**190,722**	**15,521**	**–**	**–**
Debentures	**864,112**	**61,050**	**278,446**	**22,284**	**1,120,797**
Promissory note	**83,780**	**–**	**92,158**	**–**	**–**
	1,583,670	**688,923**	**386,125**	**22,284**	**1,120,797**
31 December 2014					
Trade and other payables	280,223	280,223	–	–	–
Receipt in advance	2,445	–	–	–	2,445
Bank loans	219,239	226,583	–	–	–
Debentures	373,214	27,247	28,825	85,606	440,268
	875,121	534,053	28,825	85,606	442,713

6. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings, debentures and promissory note which were mainly issued at fixed rates. As the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

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

(e) Fair values

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

(f) Financial instruments by category

The carrying amounts of each of the category of the Group's financial instruments at the end of the reporting period are as follows:

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	901,173	788,292
Financial liabilities		
Financial liabilities at amortised cost	1,583,670	875,121

7. REVENUE

The Group's revenue arising from manufacturing and sale of casual footwear, apparel and related accessories; and online mobile game for the year. An analysis of the Group's revenue for the year is as follows:

	2015 RMB'000	2014 RMB'000
Footwear	283,397	579,094
Apparel and related accessories	218	5,176
Online mobile game	6,930	–
	290,545	584,270

8. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Interest income on bank deposits	**2,470**	1,934
Net foreign exchange gain	**–**	1,739
Government subsidies	**–**	913
Sundry income	**137**	5
	2,607	4,591

9. SEGMENT INFORMATION

The Group manages its businesses by its operating subsidiaries in the PRC, which are engaged in the manufacturing and sales of casual footwear, apparel and related accessories. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified five reportable segments, namely, Fujian Jinmaiwang Shoes and Garments Products Co., Ltd. ("Fujian Jinmaiwang"), Shishi Haomai Shoes Industrial Co., Ltd. ("Shishi Haomai"), Luotuo (Quanzhou) Shoes and Garments Co., Ltd. ("Luotuo Quanzhou"), Greiff (Xiamen) International Trading Company Limited ("Greiff Xiamen") and Jiangsu Active Shoes Industrial Co., Ltd ("Jiangsu Active"). During the year, the Group has acquired Beijing Ah Huo System Networks Co., Ltd.("Ah Huo"), which is principally engaged in mobile game products development, expansion of market channels to the mobile game industry, its strategic promotion and brand development, as well as provision of technical solutions into other mobile game developers and webgame companies.

– Fujian Jinmaiwang: this segment manufactures and sells the "Jimaire" branded as well as original equipment manufacturing casual footwear products. The brand is positioned to target the consumer segment of middle to upper-middle class and offers a range of casual footwear in business classic and practical style.

– Shishi Haomai: this segment manufactures and sells the "Bull Titan" branded casual footwear products. The brand is positioned to target the youth market segment and offers casual footwear in sporty and trendy style.

– Luotuo Quanzhou: this segment manufactures and sells the "Luotuo Brand" branded and the "Coremss" branded casual footwear, apparel and related accessories products.

– Greiff Xiamen: this segment sells the "Camel Active" branded and the "Greiff" branded casual footwear, apparel and related accessories products. The brand is positioned to target the affluent consumer segment and offers casual footwear, apparel and related accessories in grand and elegant style.

– Ah Huo: this segment is currently holding and running a three-dimensional mobile game, namely "Ah Huo".

– Jiangsu Active and others: this segment sells the "Bull Titan" branded and the "Coremss" branded casual footwear.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

9. SEGMENT INFORMATION *(continued)*

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is "profit/(loss) after taxation". To arrive at reportable segment profit/(loss), the Group's profit/(loss) is further adjusted for items not specially attributable to individual segments and other head office or corporate administrative costs.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

	Fujian Jinmaiwang	**Shishi Haomai**	**Luotuo Quanzhou**	**Greiff Xiamen**	**Ah Huo**	**Jiangsu Active and others**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015:							
Revenue from the external customers	**212,628**	**34,964**	**15,440**	**20,403**	**6,930**	**180**	**290,545**
Inter-segment revenue	**13,594**	**1,496**	**–**	**–**	**–**	**–**	**15,090**
Reportable segment revenue	**226,222**	**36,460**	**15,440**	**20,403**	**6,930**	**180**	**305,635**
Reportable segment loss/profit:	**(190,290)**	**(180,342)**	**(133,808)**	**(32,293)**	**3,540**	**42,945**	**(490,248)**
Other material non-cash items:							
Reversal impairment of other receivables	**–**	**–**	**(750)**	**(130)**	**–**	**–**	**(880)**
Reversal impairment of construction in progress	**–**	**–**	**–**	**–**	**–**	**(48,151)**	**(48,151)**
Impairment of prepayments	**79,554**	**–**	**–**	**–**	**–**	**–**	**79,554**
Impairment of trade and other receivables	**85,260**	**153,923**	**115,112**	**21,966**	**–**	**1,010**	**377,271**
Impairment of intangible assets	**–**	**–**	**2,798**	**–**	**–**	**–**	**2,798**
Impairment of inventories	**1,178**	**15,914**	**11,534**	**5,881**	**–**	**–**	**34,507**
Year ended 31 December 2014:							
Revenue from the external customers	290,118	169,047	74,448	39,892	–	10,765	584,270
Inter-segment revenue	6,563	11,566	–	–	–	8,260	26,389
Reportable segment revenue	296,681	180,613	74,448	39,892	–	19,025	610,659
Reportable segment loss	(13,480)	(7,353)	(418)	(11,435)	–	(53,946)	(86,632)
Other material non-cash items:							
Impairment of construction in progress	–	–	–	–	–	51,548	51,548

9. SEGMENT INFORMATION *(continued)*

Reconciliations of reportable segment revenue and profit or loss

	2015 RMB'000	2014 RMB'000
Revenue:		
Reportable segment revenue	305,635	610,659
Elimination of inter-segment revenue	(15,090)	(26,389)
Consolidated revenue	290,545	584,270
Loss		
Reportable segment loss	(490,248)	(86,632)
Elimination of inter-segment revenue	2,195	4,651
Reportable segment loss derived from the Group's external customers	(488,053)	(81,981)
Other revenue and other net income	1	1,909
Unallocated head office and corporate expenses	(54,616)	(50,269)
Consolidated loss for the year	(542,668)	(130,341)

Geographical information:

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

	2015 RMB'000	2014 RMB'000
The PRC (place of domicile)	236,161	546,676
Korea	48,245	34,948
Other counties	6,139	2,646
Consolidated revenue	290,545	584,270

10. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest expenses on		
– Interest on bank loans	**14,055**	12,882
– Interest on debentures	**40,790**	4,285
	54,845	17,167

11. INCOME TAX

	2015 RMB'000	2014 RMB'000
Current tax:		
– Hong Kong Profits Tax for the year	**–**	–
– PRC Enterprise Income Tax for the year	**1,181**	3,633
	1,181	3,633
Deferred tax (note 31)	**9,934**	(9,080)
	11,115	(5,447)

No provision for Hong Kong Profits Tax is required since the Group did not generate any assessable profit a raising in Hong Kong during for the year (2014: Nil).

According to the Law of the People's Republic of China on Enterprise Income Tax, the tax rate for all PRC subsidiaries of the Company is 25% from 1 January 2008 onwards.

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

	2015 RMB'000	2014 RMB'000
Loss before tax	**(531,553)**	(135,788)
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdictions concerned	**(127,908)**	(23,239)
Tax effect of non-taxable income	**(12,994)**	(401)
Tax effect of non-deductible expenses	**133,797**	17,030
Tax effect of tax losses not recognised	**8,286**	–
Tax effect of recognition of temporary differences not recognition in prior year	**–**	1,163
Tax effect of temporary differences not recognized	**9,934**	–
Income tax for the year	**11,115**	(5,447)

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2015 RMB'000	2014 RMB'000
Auditor's remuneration	1,448	2,489
Cost of inventories sold	265,705	521,412
Depreciation	3,931	5,519
Amortisation of intangible assets	2,539	734
Amortisation of prepaid land lease	107	141
Loss on disposal of property, plant and equipment	95	–
Minimum lease payments under operating leases in respect of office premises	1,836	4,043
Impairment of trade receivables	184,988	26,370
Impairment of trade prepayments	192,283	15,010
Impairment of prepayments	79,554	–
Impairment of intangible assets	2,798	–
Impairment of inventories	34,507	–
Impairment of construction in progress	–	51,548
Reversal of impairment of other receivables	(880)	
Reversal of impairment of construction in progress	(48,151)	–
Equity settled share-based payment expenses for business partners and consultants	–	19,825
Staff costs (including directors' remuneration – note 13):		
Salaries, bonus and allowances	43,397	64,253
Equity settled share-based payment expenses	–	14,405
Contributions to defined contribution retirement schemes	1,213	1,729

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments of each director were as follows:

	Notes	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Executive Directors							
Ms. Cai Xiuman		195	240	–	–	–	435
Mr. Wang Wei	1	28	–	–	–	–	28
Mr. Zhang Wenbin		195	264	–	–	–	459
Mr. Huang Jianren		98	141	–	–	–	239
Mr. Chen Yuanjian		98	141	–	–	–	239
Mr. Sun Hui Ding	1	28	–	–	–	–	28
Mr. Chen Jianbao	2	16	–	–	–	–	16
Non Executive Directors							
Mr. Elul Rafael	3	12	–	–	–	–	12
Independent Non Executive Directors							
Mr. Wu Xiaoqiu		146	–	–	–	–	146
Mr. Ye Lin		146	–	–	–	–	146
Mr. Lee Ho Yiu Thomas		146	–	–	–	–	146
Mr. Gu Renliang	4	41	–	–	–	–	41
Total for the year ended 31 December 2015		1,149	786	–	–	–	1,935

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonuses RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Executive Directors						
Ms. Cai Xiuman	190	262	25	3	1711	2,191
Mr. Zhang Wenbin	190	240	24	–	1711	2,165
Mr. Huang Jianren	95	140	14	3	285	537
Mr. Chen Yuanjian	95	140	–	3	285	523
Independent Non-executive Directors						
Mr. Wu Xiaoqiu	143	–	–	–	143	286
Mr. Ye Lin	143	–	–	–	143	286
Mr. Lee Ho Yiu Thomas	95	–	–	–	143	238
Total for the year ended 31 December 2014	951	782	63	9	4,421	6,226

Notes:

1 Appointed as a director on 15 September 2015

2 Appointed as a director on 17 July 2015, removed as a director on 15 September 2015 and appointed as a director on 23 December 2015

3 Appointed as a director on 6 August 2015 and removed as a director on 15 September 2015

4 Appointed as a director on 28 July 2015

The five highest paid employees during the year included four (2014: four) directors, details of whose remuneration are set out in information above. Details of the remuneration of the remaining one (2014: one) non-director, highest paid employee for the year are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other benefits	**327**	319
Retirement benefits scheme contributions	**18**	13
Equity-settled share-based payments	**–**	285
	345	617

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

The number of non-director, highest paid employee whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
Emolument band:		
HK$nil – HK$1,000,000	**1**	1

During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join the Group or as compensation for loss of office other than those disclosed above. In addition, during the years ended 31 December, 2015 and 2014, no directors waived any emoluments.

14. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

15. EARNINGS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB544,403,000 (2014: RMB130,341,000) and the weighted average of 1,462,093,000 ordinary shares (2014: 1,209,595,000) in issue during the year.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2015 and 2014.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2014	60,311	9,987	5,264	4,279	122,917	202,758
Additions	1	81	11	–	3,330	3,423
At 31 December 2014 and 1 January 2015	60,312	10,068	5,275	4,279	126,247	206,181
Additions	–	30	–	–	18	48
Disposals	–	–	–	(1,049)	–	(1,049)
Reclassification	–	–	–	–	(19,768)	(19,768)
At 31 December 2015	60,312	10,098	5,275	3,230	106,497	185,412
Accumulated depreciation and impairment						
At 1 January 2014	16,272	5,521	3,715	3,135	–	28,643
Charge for the year	3,653	1,069	509	288	–	5,519
Impairment	–	–	–	–	51,548	51,548
At 31 December 2014 and 1 January 2015	19,925	6,590	4,224	3,423	51,548	85,710
Charge for the year	2,375	1,001	283	272	–	3,931
Disposals	–	–	–	(954)	–	(954)
Reversal of impairment	–	–	–	–	(48,151)	(48,151)
At 31 December 2015	22,300	7,591	4,507	2,741	3,397	40,536
Carrying amounts						
At 31 December 2015	38,012	2,507	768	489	103,100	144,876
At 31 December 2014	40,387	3,478	1,051	856	74,699	120,471

Buildings which are held for own use are situated in the PRC. At 31 December 2015, buildings with carrying amount of RMB37,881,000 (2014: RMB29,716,000) were mortgaged to banks for certain banking facilities granted to the Group (see note 26 and 28).

The Group has carried out a review of the recoverable amount of its construction in progress of RMB103,100,000 as at 31 December 2015 with reference to the independent valuation performed by an independent valuer, BMI Appraisals Limited. The recoverable amount is assessed based on fair value less cost of disposal by using replacement cost basis under level 3 fair value measurement. A reversal of impairment provision of RMB48,151,000 has been recognised in profit or loss to reflect the carrying amount of the construction in progress to its recoverable amount as at 31 December 2015.

17. INTANGIBLE ASSETS

	Patent RMB'000	Trademarks RMB'000	Total RMB'000
Cost			
At 1 January 2014, 31 December 2014 and 1 January 2015	–	5,000	5,000
Acquisition of a subsidiary (note 36)	2,930	–	2,930
Addition	520	–	520
At 31 December 2015	3,450	5,000	8,450
Accumulated amortisation and impairment			
At 1 January 2014	–	734	734
Charge for the year	–	734	734
At 31 December 2014 and 1 January 2015	–	1,468	1,468
Charge for the year	1,805	734	2,539
Impairment	–	2,798	2,798
At 31 December 2015	1,805	5,000	6,805
Carrying amounts			
At 31 December 2015	1,645	–	1,645
At 31 December 2014	–	3,532	3,532

Trademarks are licensed for the branded products of the Group's Luotuo Quanzhou segment. They are stated at costs less accumulated amortization over their estimate useful lives of 5-10 years and impairment losses. In the opinion of the directors of the Company, full impairment losses are provided by the Group because of the dramatic fall in sales of the branded products in Luotuo Quanzhou segment in view with the deterioration of the market segment of the related target customers.

As at 31 December 2015, the patent represented the costs in relation to the mobile game of Ah Huo being held by a newly acquired subsidiary of the Company during the year. It is stated at costs less accumulated amortization and impairment loss. The amortization is charged on straight line basis over its estimated useful life of 2 year.

18. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
At 1 January	**5,410**	4,378
Addition	**–**	1,173
Amortisation for the year	**(107)**	(141)
At 31 December	**5,303**	5,410
Current portion	**(129)**	(129)
Non-current portion	**5,174**	5,281

As at 31 December 2015, the Group has pledged its prepaid lease payments with a carrying amount of approximately RMB5,303,000 (2014: RMB5,410,000) to secure for general banking facilities granted to the Group (see note 28).

19. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2015 RMB'000	2014 RMB'000
Deposit paid for retail shops	(a)	**–**	60,000
Deposit paid for construction in progress	(b)	**31,692**	11,924
		31,692	71,924

(a) In relation to the acquisition of the two retail shops which has been reclassified to other receivable as at 31 December 2015 upon termination of the acquisition during the current year (note 22).

(b) Included in deposits paid for construction in progress are prepayment of RMB19,768,000 being reclassified from construction in progress as at 31 December 2015.

20. GOODWILL

	RMB'000
Cost and carrying amount	
At beginning of the reporting period	–
Acquisition of a subsidiary (note 36)	49,363
At the end of reporting period	49,363

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the cash generating unit of online mobile game business.

Impairment testing of goodwill

Mobile game cash-generating units

Goodwill is tested for impairment for this cash-generating units by the management by estimating the recoverable amount of the cash-generating unit based on value in use calculations.

As at 31 December 2015, the value in use calculation uses cash flow projections based on the financial budgets approved by the management covering a 5 year period and with reference to an independent valuation performed by BMI Appraisals Limited. Key assumptions used by the management in the value in use calculation of the cash-generating unit include budgeted revenue and profit margins. The pre-tax discount rate used for estimating the value in use is 16.04%.

The assumptions have been determined based on past performance and management's expectations in respect of the mobile game in the PRC.

No impairment loss has been recognised for the year ended 31 December 2015 as a result of the impairment test.

21. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**65,068**	62,985
Work in progress	**3,024**	3,471
Finished goods	**103,639**	40,739
	171,731	107,195

22. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	**511,468**	504,112
Less: allowance for trade receivables	**(223,088)**	(38,099)
	288,380	466,013
Bills receivables	**15,240**	–
Deposit, prepayments and other receivables	**583,526**	556,129
	887,146	1,022,142

Included in deposits, prepayments and other receivables are mainly (i) advances to suppliers for purchases of raw materials and finished goods amounting to RMB517,635,000 net of impairment provision of RBM210,242,000 (2014: RMB472,757,000 net of impairment provision of RMB17,959,000); and (ii) prepayment of RMB58,000,000 in relation to the acquisition of the two retail shops in the PRC. During the year, the acquisition was terminated with RMB2,000,000 being refunded to the Group and the remaining balance to be fully refunded to the Group before 30 June 2016. Such prepayment was classified from non-current deposit paid for acquisition of property,plant and equipment as at 31 December 2014 to other receivable as at 31 December 2015.

The Group allows an average credit period of 90 to 180 days to its trade customers. The following is an aged analysis of trade receivables and bills receivables, net of allowance for trade receivables and bills receivables, presented based on the invoice date at the end of the reporting period.

	2015 RMB'000	2014 RMB'000
Within 90 days	**82,359**	97,824
91-180 days	**44,442**	66,960
181-360 days	**49,644**	209,605
Over 361 days	**127,175**	91,624
	303,620	466,013

22. TRADE AND OTHER RECEIVABLES *(continued)*

Trade receivables and bills receivables are normally due within 90-180 days (2014: 90 days) from the date of billing. The Group also offers revolving credit to its customers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on factors such as the customers' credit history and current ability to pay. The funding need of a customer for the purpose of expanding its sales network is also taken into consideration.

Allowance for trade receivables

The movements in allowance for trade receivables are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of the reporting period	**38,099**	11,729
Allowance for the year	**184,988**	26,370
At the end of the reporting period	**223,087**	38,099

The allowance for trade receivables represents individual impaired trade receivable with a total of approximately RMB223,087,000 (2014: RMB38,099,000) which are past due/or in default of payments. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against trade receivables when there was no expectation of recovering any amount.

Trade receivables and bills receivables that are not impaired

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

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**126,801**	97,824
Less than 60 days past due	**14,216**	29,957
61 days – 180 days past due	**35,428**	149,169
181 days – 360 days past due	**50,748**	138,640
Over 361 days past due	**76,427**	50,423
	303,620	466,013

Trade receivables and bills receivables that were not past due relate to a wide range of customers who has no recent history of default. The Group does not hold any collateral over these balances.

23. AMOUNT DUE FROM A DIRECTOR

Amount due from a director disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

Name	Terms of cash advances made by the Group	Maximum amount outstanding during the year RMB'000	2015 RMB'000	2014 RMB'000
Amount due from a director				
Ms. Cai Xiu Man	Unsecured, repayable on demand and interest-free	528,839	**174,449**	17,820

24. PLEDGED DEPOSITS

Pledged deposits with banks have been placed as security for bills payable issued by the Group (see note 26) and bank loans (see note 28).

25. BANK AND CASH BALANCES

At the end of reporting period, the bank and cash balances of Group denominated in RMB amounted to RMB692,000 (2014: RMB2,355,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

26. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**111,829**	81,485
Bills payable	**267,770**	150,300
Advance payments from customers	**17,083**	52,251
Other payables and accruals	**57,552**	48,438
	454,234	332,474

26. TRADE AND OTHER PAYABLES *(continued)*

(a) An aging analysis of the trade payables and bills payable at the end of the reporting period, based on invoice dates, is as follows:

	2015 RMB'000	2014 RMB'000
Within 2 months	**61,085**	26,448
More than 2 months but within 3 months	**89,311**	44,161
More than 3 months but within 12 months	**176,822**	126,779
More than 12 months	**52,381**	34,397
	379,599	231,785

(b) Bills payable are normally issued with a maturity of not more than six months.

(c) At 31 December 2015, bills payable totalling RMB186,540,000 (2014: RMB148,000,000) were secured by pledged deposits of RMB78,082,000 (2014: RMB95,708,000).

(d) At 31 December 2015, bills payable totalling RMB48,930,000 (2014: RMB2,300,000) were secured by certain assets of the Group, details of which are set out on note 16.

27. AMOUNT DUE TO A DIRECTOR

The advance as at 31 December 2014 is unsecured, non-interest bearing and has no fixed repayment terms.

28. BANK LOANS

	2015 RMB'000	2014 RMB'000
Analysed as:		
Secured	**98,139**	82,839
Unsecured	**100,488**	136,400
	198,627	219,239

At 31 December 2015 and 2014, all of the Group's banking facilities were subject to the fulfilment of certain covenants as are commonly found in lending arrangements with financial institutions. If the Group breached the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 6.

At 31 December 2015, a number of covenants in relation to the financial ratios and target revenue of the Group for the Company and a number of its subsidiaries in respect of the bank loans totalling RMB44,900,000 (2014: RMB47,000,000) were breached. As such, the loans have become repayable on demand as at 31 December 2015.

Bank loans of RMB68,239,000 (2014: RMB63,440,000) are secured by a charge over the Group's prepaid land lease and buildings and pledged deposit.

Bank loans of RMB29,900,000 (2014: RMB25,000,000) are secured by a director personal guarantee.

28. BANK LOANS *(continued)*

The effective interest rates per annum at the end of the reporting period were as follows:

	2015	2014
Short-term bank loans:		
Variable-rate	**4.85% – 7.47%**	3.62% – 6.75%
Fixed-rate	**2.67% – 10.03%**	7.42% – 7.3%

29. DEBENTURES

(a) The debentures are repayable as follows:

	2015 **RMB'000**	2014 RMB'000
As 1 January	**373,214**	–
Addition	**490,898**	373,214
At 31 December	**864,112**	373,214
Current portion	**(1,676)**	–
Non-current portion	**862,436**	373,214

(b) Significant terms and repayment schedule of debentures:

As at 31 December 2015, the Company issued a number of HKD denominated debentures with an aggregate principal of approximately HK$1,029,405,000 (equivalent to RMB864,112,000) (2014: HK$473,100,000, equivalent to RMB373,214,000). The debentures are unsecured, bearing interest rate at a range of 3.3%-9% per annum (2014:3.3%-7% per annum), and repayable from December 2016 to September 2023. The aging analysis as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**1,676**	–
In the second year	**17,451**	2,535
In the third to fifth years, inclusive	**41,639**	4,427
After five years	**803,346**	366,252
	864,112	373,214

At 31 December 2015, interest expenses totalling RMB40,790,000 (2014: RMB4,285,000) were paid to debenture holders.

30. PREPAYMENT FOR ACQUISITION OF A SUBSIDIARY/PROMISSORY NOTE

On 5 November 2015, the Group has entered into a sale and purchase agreement (the "S&P") with an independent third party in relation to the acquisition of the entire equity interest of a target company and its subsidiaries (collectively referred to as the "Target Group") which is principally engaged in operating gas stations in the PRC, at a consideration of HK$215,000,000. The consideration would be satisfied by issue of promissory notes.

Upon signing of the S&P, the Promissory Note A ("PN-A") with a principal amount of HK$100,000,000 (equivalent to RMB83,700,000) was issued to the vendor. PN-A bears interest at 5% per annum and is mature on 5 November 2017.

The completion took place on 22 January 2016 upon fulfilment of the terms and conditions of the S&P (note 42).

31. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) and assets recognised by the Group.

	Allowance for impairment of trade receivables RMB'000 (a)	**Allowance for impairment of trade prepayments** RMB'000 (a)	**Elimination of unrealised profit** RMB'000	**PRC dividend withholding tax** RMB'000	**Total** RMB'000
At 1 January 2014	2,933	737	1,181	(3,997)	854
– Credited/(charged) to consolidated profit or loss	6,491	3,752	(1,163)	–	9,080
At 31 December 2014 and 1 January 2015	9,424	4,489	18	(3,997)	9,934
– Credited/(charged) to consolidated profit or loss (note 11)	(9,424)	(4,489)	(18)	3,997	(9,934)
At 31 December 2015	–	–	–	–	–

Notes:

(a) In respect to the deterioration of the Group's operating performance, the directors of the Company considered (i) to write back the deferred tax assets recognized in relation to the allowance for impairment of trade receivables and trade prepayments recognized in the past and (ii) not to recognize any deferred tax assets related to the allowance for impairments of assets made for the current year due to the unpredictability of future profit stream.

(b) At the end of the reporting period the Group has unused tax losses of RMB34,146,000 (2014: Nil) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

32. SHARE CAPITAL

	Number of share	Amount HK$,000
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	10,000,000,000	1,000,000

	Notes	2015 Number of share	2015 Amount HK$'000	2014 Number of share	2014 Amount HK$'000
Issued and fully paid:					
Ordinary shares of HK$0.10 each at beginning of reporting period		**1,281,500,000**	**128,150**	1,200,000,000	120,000
Shares issued under share option scheme (note 33b)		**25,000,000**	**2,500**	81,500,000	8,150
Issue of consideration shares (note 35)		**64,998,422**	**6,500**	–	–
Placing of new shares	(a)	**175,000,000**	**17,500**	–	–
Placing of new shares	(b)	**60,000,000**	**6,000**	–	–
At 31 December 2015		**1,606,498,422**	**160,650**	1,281,500,000	128,150
Equivalent to (RMB'000)			**130,258**		104,381

Notes:

(a) On 28 May 2015, the Company and a placing agent entered into a placing agreement in respect of the placement of 175,000,000 ordinary shares of HK$0.01 each to independent investors at a price of HK$0.65 per share. The placement was completed on 8 June 2015 and the premium on the issue of shares, amounting to approximately HK$95,340,000 (equivalent to approximately RMB75,271,000) net of share issue expenses of approximately HK$910,000 (equivalent to approximately RMB718,000), was credited to the Company's share premium account.

(b) On 12 August 2015, the Company and a placing agent entered into a placing agreement in respect of the placement of 60,000,000 ordinary shares of HK$0.01 each to independent investors at a price of HK$0.7 per share. The placement was completed on 31 August 2015 and the premium on the issue of shares, amounting to approximately HK$35,475,000 (equivalent to approximately RMB29,246,000), net of share issue expenses of approximately HK$600,000 (equivalent to approximately RMB495,000), was credited to the Company's share premium account.

32. SHARE CAPITAL *(continued)*

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to maximise the returns to shareholders through the optimisation of the debt and equity balance and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to financing at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustment to the capital structure in light of changes in economic conditions affecting the Group.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, accumulated losses and other reserves).

A significant increase in the debt-to-adjusted capital ratio for the year was the combined effect of the issue of the Company's debentures and the placements of news shares during the year.

Except for the banking facilities which require the fulfilment of certain covenants as disclosed in note 28, neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements in either current or prior year.

33. RESERVES

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

(b) Reserves of the Company

	Share premium RMB'000	**Other reserve** RMB'000	**Capital reserve** RMB'000	**Exchange reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2014	152,163	164,969	–	(8,949)	(5,196)	302,987
Total comprehensive income	–	–	(40)	771	(47,629)	(46,898)
Equity settled share-based transactions	–	–	34,230	–	–	34,230
Shares issued under share option scheme (note 34)	63,171	–	(23,206)	–	–	39,965
At 31 December 2014	215,334	164,969	10,984	(8,178)	(52,825)	330,284
At 1 January 2015	215,334	164,969	10,984	(8,178)	(52,825)	330,284
Total comprehensive income	–	–	–	11,226	(426,123)	(414,897)
Shares issued under share option scheme (note 34)	19,334	–	(7,135)	–	–	12,199
Issue of consideration shares	45,238	–	–	–	–	45,238
Placing of new shares under general mandate	104,517	–	–	–	–	104,517
At 31 December 2015	384,423	164,969	3,849	3,048	(478,948)	77,341

33. RESERVES

(c) Nature and purpose of reserves of the Group

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Other reserve

Other reserve represents the difference between the Group's interest in the historical carrying value of an entity under common control of the same group of equity shareholders and the acquisition consideration paid for that entity; and the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares issued by the Company in exchange under the reorganisation of the Group completed on 2 February 2011.

(iii) Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in note 4.

(iv) Statutory reserve

Transfers from retained profits to PRC statutory reserve are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to appropriate 10% of its after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into paid-up capital provided that the balance after such conversion is not less than 25% of the registered capital.

(v) Capital reserve

The capital reserve comprises the portion of the grant date rate value of unexercised share options granted to employees of the Group and other parties that has been recognised in accordance with the accounting policy adopted for share-based payments in note 4.

34. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 4 September 2011 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, business partners and consultants of the Group to take up options at nil consideration to subscribe for shares of the Company. The options vest immediately from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Contractual life of options
Options granted to directors on 17 October 2014	15,500,000	10 years
Options granted to employees on 17 October 2014	35,000,000	10 years
Options granted to business partners and consultants on 17 October 2014	69,500,000	10 years
Total share options granted	120,000,000	

All of the share options vesting conditions are immediate from the date of grant.

(b) The number and weighted average exercise prices of share options are as follows:

	Number of options 2015	2014
Outstanding at the beginning of the period	**38,500,000**	–
Granted during the period	**–**	120,000,000
Exercised during the period	**(25,000,000)**	(81,500,000)
Outstanding at the end of the period	**13,500,000**	38,500,000

The weighted average share price at the date of exercise of the shares options during the year was HK$0.76 (2014: HK$0.90).

The options outstanding at 31 December 2015 had an exercise price of HKD0.72 (2014:HK$0.72) and a weighted average remaining contractual life of 8.79 years (2014: 9.79 years). No share option were granted for the year ended 31 December 2015.

Upon exercising the share options during the year, the premium on the exercise of the share options amounting to approximately HK$24,500,000 (equivalent to approximately RMB19,334,000) was credited to the Company's share premium account.

(c) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price	Number 2015	2014
17 October 2014 to 17 October 2024	HK$0.72	**13,500,000**	38,500,000

35. SUMMARISED FINANCIAL POSITION OF THE COMPANY

	2015 RMB'000	2014 RMB'000
Non-current assets		
Investments in subsidiaries	1,013,100	731,125
Prepayment for acquisition of a subsidiary	83,780	–
	1,096,880	731,125
Current assets		
Other receivables, deposits and prepayments	378	146
Pledged deposit	–	12,592
Bank balances and cash	103,773	101,470
	104,151	114,208
Current liabilities		
Accruals and other payables	14,393	6,609
Amount due to a director	24,651	–
Debentures	1,676	–
Borrowings	6,497	28,399
	47,217	35,008
Net current assets	56,934	79,200
Non-current liabilities		
Debentures	862,436	373,214
Receipt in advances	–	2,446
Promissory note	83,780	–
	946,216	375,660
NET ASSETS	207,598	434,665
Capital and reserves		
Share capital	130,257	104,381
Reserves	77,341	330,284
TOTAL EQUITY	207,598	434,665

36. ACQUISITION OF A SUBSIDIARY

On 16 April 2015, the Group acquired 51% of the issued share capital and obtained control of Ah Huo for a consideration of approximately HK$63,762,000 which is comprised of a cash consideration of RMB51,000 and the issue of 64,998,422 ordinary shares of the Company at HK$0.98 per share at the completion date of the acquisition. Ah Huo is engaged in the mobile game business during the year. In the opinions of the directors, the acquisition is for the purpose to diversify the Group's business into the webgame or mobile games business section, which is an area of high growth potential with minimal capital contribution.

The fair value of the identifiable assets and liabilities of Ah Huo acquired as at its date of acquisition is as follows:

	2015 RMB'000
Cash and cash equivalents	41
Trade receivables	1,993
Intangible assets	2,930
Trade and other payable	(84)
Income tax payable	(381)
Long-term other payable	(2,407)
Total identifable net assets at fair value	2,092
Non-controlling interests	(1,025)
	1,067
Goodwill (note 20)	49,363
	50,430
Satisfied by:	
Cash	51
64,998,422 ordinary shares of the Company (note 32)#	50,379
	50,430
Net cash outflow arising on acquisition:	
Cash consideration paid	51
Cash and cash equivalents acquired	(41)
	10

The acquisition was completed on 16 April 2015, the premium on the issue of shares, amounting to approximately HK$57,199,000 (equivalent to approximately RMB45,238,000), was credited to the Company's share premium account.

The fair value of the 64,998,422 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date.

If the acquisition had been completed on 1 January 2015, total Group revenue for the year would have been approximately RMB293,324,000, and loss for the year would have been approximately RMB543,895,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is intended to be a projection of future results.

37. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2014: Nil).

38. LEASE COMMITMENTS

(a) At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases in respect of certain office premises and machinery are analysed as follows:

	2015 RMB'000	2014 RMB'000
Within one year	911	997
In the second to fifth year inclusive	–	–
	911	997

(b) At 31 December 2015, the Group committed to pay royalties for the usage of several trademarks for manufacturing and sales of footwear, apparel and related accessories products. The minimum guaranteed royalty payments were payable as follows:

	2015 RMB'000	2014 RMB'000
Within one year	3,264	3,240
In the second to fifth year inclusive	13,764	17,361
	17,028	20,601

The Group licenses a number of trademarks from independent third parties and a related party ("the Licensors"). The licensing agreements for the trademarks typically run for an initial period of one to five years respectively, at the end of which period all terms are renegotiated. Royalties payable to the Licensors are pre-determined in the licensing agreements or calculated based on a percentage of sales revenue with an annual minimum guaranteed royalty payment. Further details of the licensing agreement with the related party are disclosed in note 40.

39. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2015 RMB'000	2014 RMB'000
Property, plant and equipment		
Contracted but not provided for	45,040	45,058

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

	2015 RMB'000	2014 RMB'000
Renatal expenses	911	259

The rental expenses is paid to Cai Xiu Man

(b) During the year ended 31 December 2009, UK Greiff (beneficially owned by Ms. Cai Xiu Man) granted a license to Greiff Xiamen for the use of the trademark "Greiff" for an initial period of ten years for a royalty of RMB80,000 per annum, at the end of initial period all terms are renegotiated. The licensing agreement was subsequently terminated and replaced by a revised licensing agreement signed on 10 February 2011 for granting Greiff Xiamen a sole and exclusive license to use the trademark "Greiff" for a term from 10 February 2011 to 27 January 2019. Pursuant to the revised licensing agreement, no charge will be payable on the use of the trademark by the Group.

(c) Key management personnel remuneration

The emoluments of the Company's directors, who are also identified as members of key management of the Group, are set out in Note 13.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration	Issued/paid-up capital	Percentage of the Company's direct ownership interest	Percentage of the Company's indirect ownership interest	Principal activities
Chuang Wei Limited	British Virgin Islands	US$10,000.00	100%	–	Investment holding
Jinmaiwang Group Limited 金邁王控股有限公司	Hong Kong	10,000 shares HK$1 per share	–	100%	Investment holding
Fujian Jinmaiwang (note i, ii) 福建金邁王鞋服製品有限公司	The PRC	Registered capital of HK$120,000,000	–	100%	Manufacturing and sales of casual footwear
Shishi Haoma (note ii) 石獅市豪邁鞋業有限公司	The PRC	Registered capital of RMB1,500,000	–	100%	Manufacturing and sales of casual footwear

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name	Place of incorporation/ registration	Issued/paid-up capital	Percentage of the Company's direct ownership interest	Percentage of the Company's indirect ownership interest	Principal activities
Luotuo Quanzhou (note i, ii) 駱駝(泉州)鞋服有限公司	The PRC	Registered capital of USD10,000,000	–	100%	Manufacturing, sales and trading of casual footwear, apparel and related accessories
Greiff Xiamen (note i, ii) 哥雷夫(廈門)國際貿易有限公司	The PRC	Registered capital of RMB8,000,000	–	100%	Trading of casual footwear, apparel and related accessories
Jiangsu Active (note i, ii) 江蘇動感鞋業有限公司	The PRC	Registered capital of RMB110,000,000	–	100%	Manufacturing, sales and trading of casual footwear, apparel and related accessories
Guangzhou Greiff Shoes and Garments Co., Ltd ("Guangzhou Greiff") (note ii) 廣州哥雷夫鞋服有限公司	The PRC	Registered capital of RMB500,000	–	100%	Manufacturing, sales and trading of casual footwear, apparel and related accessories
Jinmaiwang (Xiamen) Clothing Trading Co., Ltd ("Jinmaiwang (Xiamen)") (note ii, iii) 金邁王(廈門)服飾貿易有限公司	The PRC	Registered capital of RMB180,000,000	–	100%	Manufacturing, sales and trading of casual footwear, apparel and related accessories
Beijing Ah Huo System Networks Co., Limited ("Ah Huo") (note ii) 北京阿火網絡科技有限公司	The PRC	Registered capital of RMB100,000	–	51%	Mobile game products development

(i) These entities are wholly foreign-owned enterprises established in the PRC.

(ii) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(iii) Jinmaiwang (Xiamen) was established on 3 July 2014 and no capital was paid up as at 31 December 2015. Jinmaiwang Group Limited, a wholly owned subsidiary of the Company is committed to contribute the unpaid registered capital of RMB180,000,000 of Jinmaiwang (Xiamen) on or before 2 July 2019.

42. EVENTS AFTER THE REPORTING PERIOD

As disclosed in note 30 to the consolidated financial statements, upon completion of the acquisition, the Company has issued a promissory note with a principal amount of HK$115,000,000 (the "PN-B") on 22 January 2016 (i.e. the completion date) as a final settlement to the consideration payable. The PN-B bears interest at 5% per annum and is mature on 22 January 2018.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2016.

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:

	For the year ended 31 December				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
RESULTS					
Revenue	607,197	679,498	792,572	584,270	**290,545**
Profit/(loss) before tax	151,492	104,791	102,710	(135,788)	**(531,553)**
Income tax	(39,215)	(31,979)	(30,734)	5,447	**(11,115)**
Profit/(loss) for the year	112,277	72,812	71,976	(130,341)	**(542,668)**
Attributable to:					
Owners of the Company	112,277	72,812	71,976	(130,341)	**(544,403)**
Non-controlling interests	–	–	–	–	**1,735**
	112,277	72,812	71,976	(130,341)	**(542,668)**

	As at 31 December				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
ASSETS AND LIABILITIES					
Non-current assets	66,957	178,148	201,436	215,139	**316,530**
Current assets	774,059	976,824	1,137,925	1,368,373	**1,573,740**
Current liabilities	(303,287)	(551,161)	(671,034)	(589,428)	**(677,973)**
Non-current liabilities	(1,542)	(3,131)	(3,997)	(379,656)	**(946,216)**
Net Assets	536,187	600,680	664,330	614,428	**266,081**
Attributable to:					
Owners of the Company	536,187	600,680	664,330	614,428	**263,321**
Non-controlling interests	–	–	–	–	**2,760**
	536,187	600,680	664,330	614,428	**266,081**