SHAW BROTHERS HOLDINGS LIMITED
邵氏兄弟控股有限公司

(formerly known as Meike International Holdings Limited 美克國際控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00953)

Interim Report 2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Allan Yap *(Chairman)*
Mr. Ding Siqiang
Ms. Ding Xueleng
Miss Lok Yee Ling Virginia

Non-executive Directors

Mr. Wong Ka Ching
Mr. Gu Jiong

Independent Non-executive Directors

Mr. Pang Hong
Mr. Poon Kwok Hing, Albert
Miss Szeto Wai Ling Virginia

BOARD COMMITTEES

Audit Committee

Mr. Poon Kwok Hing, Albert
(Committee Chairman)
Mr. Pang Hong
Miss Szeto Wai Ling Virginia

Nomination Committee

Mr. Pang Hong *(Committee Chairman)*
Mr. Poon Kwok Hing, Albert
Miss Szeto Wai Ling Virginia

Remuneration Committee

Miss Szeto Wai Ling Virginia
(Committee Chairman)
Mr. Pang Hong
Mr. Poon Kwok Hing, Albert

COMPANY SECRETARY

Ms. Chan Yin Yi Annie

AUTHORISED REPRESENTATIVES

Mr. Gu Jiong
Ms. Chan Yin Yi Annie

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F., Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

Meike Industrial Park
Xibian Village, Chendai Town
Jinjiang City, Fujian Province
The People's Republic of China

STOCK CODE

00953

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Tower
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISER AS TO CAYMAN ISLANDS

Conyers Dill & Pearman, Cayman

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
DBS Bank (Hong Kong) Limited

COMPANY WEBSITE

www.shawbrotherspictures.com

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The slowdown of global and domestic economy and negative spillovers of market sentiment continued to drag down the consumer goods sector in the PRC. Many of the market players are continuing their way to transform and differentiate the brands from others in order to sustain business growth. Some of them have specifically categorise their products as professional sportswear while some others have tried to reform their market strategies.

BUSINESS REVIEW

Shaw Brothers Holdings Limited (the "Company" or "Shaw Brothers") has also started to refine its business strategies in 2015 by combining sports and entertainment. Sportswear industry is no longer mere production of apparel or footwear for sports but it becomes a combination of other concepts or industries. With the effort of the management and the Company laid in 2015, the Company has been transformed with a new corporate image and started to bear fruits in its business performance.

To better align and reflect of the strategic business plan of the Company to combine sports with entertainment and to give a more appropriate corporate image and identity, with the approval by the shareholders of the Company in the extraordinary general meeting dated 5 May 2016, the Company has changed its company names from "Meike International Holdings Limited" to "Shaw Brothers Holdings Limited" and the Chinese name of the Company from "美克國際控股有限公司" to "邵氏兄弟控股有限公司" ("Change of Company Names") in May 2016. Details of the Change of Company Names are set out in the announcement of the Company dated 19 February 2016 and the circular of the Company dated 6 April 2016. With the renowned if not legendary identification of "Shaw Brothers", the Company is more than ready to start of its new era for the new business strategy.

The very first step of the transformation, the Company has decided to refine and streamline the business structure. The Company had entered into an agreement regarding disposal of 49% interest in Amber Jungle Limited, a direct wholly-owned subsidiary of the Company to an independent third party, Champ Luck Enterprise Limited (the "Disposal") so that more resources can be allocated on the general working capital and/or other profitable business and development of the Company. The total consideration of the Disposal amounts to HK$52,000,000 and was fully settled as at the date of this report. Net proceeds from the Disposal was approximately HK$51,000,000 which will be used as intended of the Company. Details of the Disposal are set out in the circular of the Company dated 31 March 2016 and the announcement of the Company dated 5 May 2016.

Alongside with the Disposal, during the six months ended 30 June 2016, the Company has continued with its dual business strategy of an amalgam of sports and entertainment. Encouraged by the outstanding result of the star-stunned blockbuster, From Vegas to Macau III（賭城風雲3）that the Company had invested in November 2015, the Company has further invested in more films during the six months ended 30 June 2016, including King of Drug Dealers（追龍）, The Invincible 12（十二金剛）, 脱皮爸爸 and the long-awaited suspense crime action film, Line Walker（使徒行者）starring Francis Ng, Louis Koo, Nick Cheung and Charmaine Sheh. We cast confidence not only on the box office of these films with promising revenue to the Company, but also to the reputation of the Company via the screens in the cinemas in Hong Kong, China and even other parts of the world.

Meanwhile, the Company understands the dual business strategy will succeed only with the support of sufficient resources of the Company. In April 2016, the Company had entered into a placing agreement with two placing agents, namely Get Nice Securities Limited and Emperor Securities Limited, pursuant to which the Company would place up to 235,000,000 new shares to no less than six independent placees at HK$1.00 on best effort basis (the "Placing of Shares"). The net proceeds from this Placing of Shares amounts to approximately HK$228,900,000, of which HK$51,000,000 has been used for investment in films and general working capital of the Company. The unutilized proceeds of HK$177,900,000 has been hold in cash in bank and will be used as intended for future business development, potential investment opportunity and general working capital. Details of the Placing of Shares are set out in the announcements dated 11 April 2016 and 25 April 2016.

To go further up a notch in film investment business, in June 2016, the Company had also entered into a term sheet for acquisition of 20% of equity interest of Mega-Vision Project Workshop Limited, a company engaging in production and distribution of films ("Potential Acquisition"). The Company had paid an refundable earnest money of HK$30,000,000, representing 30% of the total consideration of the Potential Acquisition. The Company is conducting due diligence exercise in relation to the Potential Acquisition and shall make relevant disclosure of the Potential Acquisition when appropriate.

The following table sets out the total number of the Group's distributors and outlets (including Meike distributor outlets and Meike retailer outlets) in China as at 30 June 2016 and 31 December 2015, respectively by geographical location:

	As at 30 June 2016		As at 31 December 2015	
	Distributors	**Outlets**	Distributors	Outlets
East China[1]	**2**	**34**	2	98
Central South China[2]	**–**	**–**	3	44
Total	**2**	**34**[3]	5	142[4]

Notes:

(1) East China includes Shanghai, Zhejiang and Fujian.

(2) Central South China includes Hubei and Guangdong.

(3) 34 were Meike distributor outlets.

(4) 139 were Meike distributor outlets and 3 were Meike retailer outlets.

PRODUCT DEVELOPMENT AND DESIGN

Currently, each of the footwear and apparel segments has its own dedicated in-house design team to design products that meet the tastes and preferences of the Group's target consumers. The core members of the Group's design teams have extensive experience in the design industry and graduated from design or art schools in the PRC. The majority of the Group's design team members graduated from college in the PRC and have design or art related diploma. Most of the Group's design team members have more than 10 years design related experience after joining the Group.

As at 30 June 2016, the Group had a total of 22 full-time employees in its design and development department.

FINANCIAL REVIEW

Revenue by product category

	Six months ended 30 June			Six months ended 30 June	
	2016	2015		**2016**	2015
	RMB'000	RMB'000	Change (%)	% of total revenue	
Domestic					
Footwear	**855**	6,005	(85.8)	**1.7**	8.0
Apparel	**–**	6,066	(100.0)	**–**	8.1
Accessories and shoe soles	**3**	21	(85.7)	**–**	0.1
	858	12,092	(92.9)	**1.7**	16.2
Export					
Footwear	**49,799**	62,733	(20.6)	**98.3**	83.8
	49,799	62,733	(20.6)	**98.3**	83.8
Total	**50,657**	74,825	(32.3)	**100**	100
Gross profit margin (%)	**17.1**	19.5	(12.3)		

For the Period, the revenue of the Group decreased by approximately 32.3% to approximately RMB50,657,000 (six months ended 30 June 2015: approximately RMB74,825,000) and the gross profit margin decreased by approximately 12.3% to approximately 17.1% (six months ended 30 June 2015: approximately 19.5%).

Revenue from domestic sales of footwear products decreased by approximately 85.8% from approximately RMB6,005,000 for the six months ended 30 June 2015 to approximately RMB855,000 for the Period, mainly as a result of the intensified competition and closure of our retail outlets.

Revenue from export sales decreased by approximately 20.6% from approximately RMB62,733,000 for the six months ended 30 June 2015 to approximately RMB49,799,000 for the Period. This is mainly due to the decrease in the sales and intensified competition.

COST OF SALES

Cost of sales decreased by approximately 30.3% to approximately RMB41,986,000 for the Period (six months ended 30 June 2015: approximately RMB60,257,000), primarily as a result of the decreased in the cost of export sales to the overseas markets.

GROSS PROFIT MARGIN

Gross profit margin decreased from approximately 19.5% for the six months ended 30 June 2015 to approximately 17.1% for the Period, mainly due to the significant decrease in domestic sales as the gross profit margin of domestic sales was higher than the gross profit margin of export sales.

OTHER INCOME

Other income represented mainly the interest income and the reversal of impairment loss recognised in respect of trade receivables.

SELLING AND DISTRIBUTION COSTS

Selling and distribution costs decreased by approximately 54.9% from approximately RMB4,599,000 for the corresponding period in 2015 to approximately RMB2,073,000 for the Period, primarily resulting from the decrease of the marketing expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately 16.3% from approximately RMB14,558,000 for the corresponding period in 2015 to approximately RMB12,191,000 for the Period, primarily due to the decrease in the staff salaries and welfare.

INCOME TAX EXPENSE

The Group did not have any income tax expense for both periods ended 30 June 2016 and 2015.

INVENTORIES AND PROVISION FOR INVENTORIES

The following table sets out the aging analysis of inventories net of allowance for inventories:

	As at 30 June 2016				As at 31 December 2015			
	Raw Materials RMB'000	**Work-in-progress RMB'000**	**Finished Goods RMB'000**	**Total RMB'000**	Raw Materials RMB'000	Work-in-progress RMB'000	Finished Goods RMB'000	Total RMB'000
0-90 days	**9,602**	**210**	**885**	**10,697**	5,839	78	1,517	7,434
91-180 days	**9,838**	**–**	**–**	**9,838**	6,142	–	352	6,494
181-365 days	**3,077**	**–**	**–**	**3,077**	1,905	–	145	2,050
Over 365 days	**–**	**–**	**–**	**–**	–	–	383	383
	22,517	**210**	**885**	**23,612**	13,886	78	2,397	16,361

The Group generally procures raw materials and commences production after having confirmed purchase orders with our distributors after our sales fairs in order to control the levels of raw materials and keep finished goods inventories at an optimal level to meet our production and sales needs.

Inventories increased by approximately 44.3% from approximately RMB16,361,000 as at 31 December 2015 to approximately RMB23,612,000 as at 30 June 2016 and number of days of inventory turnover increased from approximately 70.1 days for the year ended 31 December 2015 to approximately 144.0 days for the Period. Increase in the number of days of inventory turnover was mainly due to the increased in the balance of inventory during the Period.

The Group made specific provision on inventories. The Group has conducted physical counts from time to time to identify obsolete, damaged or slow-moving inventories. Provision will be made on an item of inventories if the carrying amount is lower than the net realisable value.

No allowance has been made on finished goods as at 30 June 2016 (31 December 2015: approximately RMB5,238,000) that were obsolete and unable to sell in either domestic or overseas market.

No provision was made for work-in-progress as those work-in-progress was still in progress and for orders of the second half of 2016.

PROVISION FOR DOUBTFUL DEBTS

The Group generally granted each of our distributors a credit period of no more than 180 days, however, the Group has extended the credit period for certain distributors up to 270 days since 2013 upon negotiation after considering their financial strength, past credit history and business performance history. The Group believed that this would allow these distributors with more flexibility, which in turn might encourage them to sustain their development of our brand or enhance their sales even in market with intensified competition and reduction in demand. This measure was adopted by the Group temporarily and will be revised from time to time according to the market situation.

Trade receivables, net of provision for impairment loss, decreased by approximately 47.3% from approximately RMB43,933,000 as at 31 December 2015 to approximately RMB23,170,000 as at 30 June 2016. Besides, turnover day of trade receivables increased from approximately 195.4 days for the year ended 31 December 2015 to approximately 241.7 days for the Period due to further recognition of impairment loss as at 30 June 2016. The reason for the increase in the number of turnover day of trade receivables was mainly due to the decrease in sales by approximately 32.3% as compared to the same period of 2015.

Other receivables mainly represented the prepayment to the Group's suppliers as the Group had to retain sufficient materials to cope with the Group's production plans.

The Group estimated impairment loss on trade and other receivables based on the inability of customers to make the required payments and there was objective evidence that the Group would not be able to collect all amounts due. The Group made the estimates based on the payment history, customer's credit worthiness, historical write-off experience and default or delinquency in payments. During the six months ended 30 June 2016, impairment loss in respect of trade receivables was recognised in the condensed consolidated statement of profit or loss and other comprehensive income amounting to approximately RMB13,956,000.

No impairment loss was recognised in respect of other receivables.

Details of trade and other receivables as at 30 June 2016 are set out in note 13 to the condensed consolidated interim financial statements in this report.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, net cash inflow from operating activities of the Group amounted to approximately RMB55,945,000 (six months ended 30 June 2015: net cash outflow of approximately RMB16,962,000). As at 30 June 2016, cash and cash equivalents, including bank deposits and cash in hand, and short-term bank deposits amounted to approximately RMB323,719,000, representing a net increase of approximately RMB188,743,000 as compared to the position as at 31 December 2015. As at 30 June 2016, the Group's cash balance were denominated in Renminbi and Hong Kong Dollars only.

PLEDGE OF ASSETS

As at 30 June 2016, the Group secured its bank borrowings by prepaid lease payments and buildings held for own use with an aggregate carrying amount of approximately RMB17,474,000 (31 December 2015: approximately RMB18,733,000) and bank deposit of approximately RMB5,000,000 (31 December 2015: approximately RMB5,000,000).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2016 and 31 December 2015, the Group did not have any material capital commitments and contingent liabilities.

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY AND NET LOSS MARGIN

For the Period, loss attributable to the owners of the Company amounted to approximately RMB20,337,000, representing a decrease of approximately 70.3% over that in the same period of 2015 (six months ended 30 June 2015: loss attributable to the owners of the Company amounted to approximately RMB68,541,000). Net loss margin of the Group is approximately 40.1% (six months ended 30 June 2015: net loss margin approximately 91.6%).

FOREIGN EXCHANGE RISK

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

During the Period, the Group did not hedge any exposure in foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may cause financial impacts on the Group.

GEARING RATIO

As at 30 June 2016, the gearing ratio of the Group was approximately 19.8% (31 December 2015: approximately 29.6%), which was derived by dividing interest-bearing debt incurred in the ordinary course of business by total assets.

INTEREST-BEARING BANK BORROWINGS

As at 30 June 2016, the Group's bank borrowings amounted to approximately RMB126,300,000, bearing interest rates from 4.39% to 5.29%, which are all due within one year.

HUMAN RESOURCES

As at 30 June 2016, the Group had a total of 564 employees (31 December 2015: 880 employees).

MATERIAL ACQUISITION AND DISPOSAL

On 25 January 2016, the Company entered into an agreement with Champ Luck Enterprise Limited (the "Purchaser"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the sale interests, representing 49% of the issued share capital of a wholly-owned subsidiary, Amber Jungle Limited, for a total cash consideration of HK$52,000,000. Amber Jungle Limited is a company established in the BVI with limited liability. Amber Jungle Limited, through its wholly owned subsidiaries, is principally engaged in the manufacturing and trading of sports goods.

Save as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries and associated companies during the Period.

EVENTS AFTER THE END OF REPORTING PERIOD

The Company does not have any other events after the reporting period.

FUTURE PROSPECTS

As the domestic demand of our Meike brand is still low and the competition in the industry is still intense, the Group is intended to maintain the current business directions of the Company while paying attention to the general market conditions and refine the business strategy accordingly. The Company believes that we are gaining momentum in the existing film investment business, with the fresh corporate imagine and new company name established during the Period, the Company will continue to leverage on any valuable investment opportunities so that the Company can develop sustainably for the benefit of the Company and its shareholders.

OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the Period (six months ended 30 June 2015: Nil).

INTERESTS OF DIRECTORS IN CONTRACTS

During the Period, none of the Directors had a material interest, whether directly or indirectly, in any contract of significance to which the Company or any of its subsidiaries or affiliates was a party.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules") to be noticed to the Company and the Stock Exchange, were as follows:

Long position in the shares and in the underlying shares

Name of Director	Capacity/Nature	No. of shares/underlying shares interested	Approximate percentage of shareholding
Ding Siqiang	Beneficial owner	4,034,000	0.28%
Ding Xueleng	Interest of spouse	4,034,000	0.28%

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

As at 30 June 2016, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long Position in Shares

Name of substantial shareholders	Number of Shares held	Capacity	Percentage of issued share capital of the Company *(Note 6)*
Li Ruigang ("Mr. Li")	350,000,000# *(Note 2)*	Interest of controlled corporation	24.65%
Gold Pioneer Worldwide Limited ("Gold Pioneer")	350,000,000# *(Note 1)*	Interest of controlled corporation	24.65%
CMC Holdings Limited ("CMC Holdings")	350,000,000# *(Note 1)*	Interest of controlled corporation	24.65%
CMC Shine Holdings Limited ("CMC Shine Holdings")	350,000,000# *(Note 1)*	Interest of controlled corporation	24.65%
CMC Shine Acquisition Limited ("CMC Shine Acquisition")	350,000,000# *(Note 1)*	Interest of controlled corporation	24.65%
Shine Holdings Cayman Limited ("Shine Holdings")	350,000,000# *(Notes 1 and 4)*	Interest of controlled corporation	24.65%
Shine Investment Limited ("Shine Investment")	350,000,000# *(Notes 1 and 4)*	Beneficial owner	24.65%
Television Broadcast Limited ("TVB")	350,000,000# *(Notes 3 and 4)*	Deemed interest	24.65%
Xie Qing Yu ("Mr. Xie")	88,052,000 *(Note 5)*	Beneficial owner	6.20%

Note:

Duplication of shareholdings occurred between parties# shown in the above table.

At 30 June 2016 and according to the information of the corporate/individual substantial shareholder(s) of the Company as shown on the website of the Stock Exchange:

1. Shine Investment, Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Holdings and Gold Pioneer were the substantial shareholders of the Company. Shine Investment was interested in such 350,000,000 Shares. Shine Investments was 85% owned by Shine Holdings which was 83.33% owned by CMC Shine Acquisition. CMC Shine Acquisition was wholly-owned by CMC Shine Holdings which was wholly-owned by CMC Holdings. CMC Holdings was 90.91% owned by Gold Pioneer, so each of Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Holdings and Gold Pioneer was deemed to be interested in such 350,000,000 Shares held by Shine Investment.

2. Mr. Li was interested in such 350,000,000 Shares through certain corporations (as stated in Note 1 above) controlled by him.

3. TVB was deemed to be interested in such 350,000,000 Shares through its interest in Shine Investment (also see Note 4 below).

4. Shine Investment, Shine Holdings and TVB were parties of the agreement (the "Agreement") to hold the interest in such 350,000,000 Shares. The Agreement was the one to which Section 317 of the SFO applied.

5. Mr. Xie was interested in such 88,052,000 Shares.

6. Percentage of issued share capital of the Company was calculated according to 1,419,610,000 Shares in issue.

7. In this Section, "Share(s)" means ordinary share(s) of the Company.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules during the Period, save for the following:

CODE PROVISION A.4.1

The non-executive Director, Mr. Gu Jiong, appointed on 29 January 2016, is not appointed for a specific term, but is subject to re-election at the first general meeting of the Company after his appointment and the rotation requirements as set out in the articles of association of the Company. He was successfully re-elected at the extraordinary general meeting of the Company held on 5 May 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as the code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") with terms of reference aligned with the provision of the Code as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee comprises three members, Mr. Poon Kwok Hing, Albert (Chairman), Mr. Pang Hong and Miss Szeto Wai Ling Virginia, all are independent non-executive directors.

During the Period, the Audit Committee reviewed the unaudited condensed consolidated interim financial statements of the Group for the Period. The Audit Committee has reviewed this report and has provided advice and comments thereon to the Board. The Audit Committee is of the opinion that this report complied with applicable accounting standards, the Listing Rules, and that adequate disclosures have been made.

SHARE OPTION SCHEME

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (hereinafter in this paragraph, the "Scheme") on 6 January 2010 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. The Scheme became unconditional on the Listing Date and shall be valid and effective for a period of ten years commencing on 6 January 2010, subject to the early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue at the time.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

During the Period, no option has been granted by the Company.

PUBLIC FLOAT

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

To the Board of Directors of
Shaw Brothers Holdings Limited
(formerly known as Meike International Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shaw Brothers Holdings Limited (formerly known as Meike International Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lo Wa Kei
Practising certificate number: P03427

Hong Kong
22 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
	Notes	**2016** **RMB'000** **(Unaudited)**	2015 RMB'000 (Unaudited)
Revenue	4	**50,657**	74,825
Cost of sales		**(41,986)**	(60,257)
Gross profit		**8,671**	14,568
Other income		**11,788**	5,716
Impairment loss recognised in respect of trade receivables		**(13,956)**	(49,196)
Impairment loss recognised in respect of inventories		**–**	(5,238)
Impairment loss recognised in respect of property, plant and equipment		**(8,604)**	(5,552)
Selling and distribution costs		**(2,073)**	(4,599)
Administrative expenses		**(12,191)**	(14,558)
Other operating expenses		**(798)**	(2,444)
Finance costs	6	**(3,174)**	(7,238)
Loss before tax		**(20,337)**	(68,541)
Income tax	7	**–**	–
Loss and total comprehensive expenses for the period	8	**(20,337)**	(68,541)
Loss and total comprehensive expenses for the period attributable to:			
Owners of the Company		**(20,337)**	(68,541)
Non-controlling interests		**–**	–
		(20,337)	(68,541)
Loss per share – Basic and diluted (RMB cents)	10	**(1.60)**	(5.79)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**59,507**	68,951
Prepaid lease payments		**10,504**	10,674
Investments in films	12	**63,896**	24,456
Loan receivable	14	**–**	20,380
		133,907	124,461
Current assets			
Inventories		**23,612**	16,361
Trade and other receivables	13	**62,014**	114,670
Consideration receivable	23	**44,131**	–
Deposit paid for potential acquisition		**25,836**	–
Prepaid lease payments		**297**	297
Loan receivable	14	**20,380**	–
Pledged bank deposit		**5,000**	5,000
Short-term bank deposits		**135,498**	36,165
Bank balances and cash		**188,221**	98,811
		504,989	271,304
Current liabilities			
Trade and other payables	16	**21,765**	28,830
Receipt in advance		**25,836**	–
Amount due to a related company	15	**2,159**	1,280
Bank borrowings	17	**126,300**	117,300
		176,060	147,410
Net current assets		**328,929**	123,894
		462,836	248,355

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Capital and reserves			
Share capital	18	**12,322**	10,355
Reserves		**412,431**	238,000
Equity attributable to owners of the Company		**424,753**	248,355
Non-controlling interests		**38,083**	–
		462,836	248,355

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 *(Note a)*	Other reserves RMB'000 *(Note b)*	Share options reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2016 (Audited)	**10,355**	**561,252**	**47,382**	**136,801**	**–**	**(507,435)**	**248,355**	**–**	**248,355**
Loss and total comprehensive expenses for the period	**–**	**–**	**–**	**–**	**–**	**(20,337)**	**(20,337)**	**–**	**(20,337)**
Disposal of partial interest in a subsidiary without losing control *(Note 23)*	**–**	**–**	**–**	**5,199**	**–**	**–**	**5,199**	**38,083**	**43,282**
Issue of shares	**1,967**	**194,634**	**–**	**–**	**–**	**–**	**196,601**	**–**	**196,601**
Transaction costs attributable to issue of shares	**–**	**(5,065)**	**–**	**–**	**–**	**–**	**(5,065)**	**–**	**(5,065)**
At 30 June 2016 (Unaudited)	**12,322**	**750,821**	**47,382**	**142,000**	**–**	**(527,772)**	**424,753**	**38,083**	**462,836**

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 *(Note a)*	Other reserves RMB'000 *(Note b)*	Share options reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2015 (Audited)	10,355	561,252	47,382	136,801	6,876	(408,438)	354,228	–	354,228
Loss and total comprehensive expenses for the period	–	–	–	–	–	(68,541)	(68,541)	–	(68,541)
Share options cancelled	–	–	–	–	(2,042)	2,042	–	–	–
At 30 June 2015 (Unaudited)	10,355	561,252	47,382	136,801	4,834	(474,937)	285,687	–	285,687

Notes:

(a) Statutory reserve

The statutory reserve fund is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

(b) Other reserves

The other reserves comprise of the cumulative net non-controlling interests upon the transfer of interests and the reserves arising from corporate reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**55,945**	(16,962)
INVESTING ACTIVITIES		
Withdrawal of pledged bank deposits	**–**	9,915
Withdrawal of short-term bank deposits	**82,165**	132,008
Placement of pledged bank deposits	**–**	(8,325)
Placement of short-term bank deposits	**(181,498)**	(79,630)
Deposit paid for potential acquisition	**(25,836)**	–
Additions of investments in films	**(39,440)**	–
Other investing activities	**682**	4,405
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(163,927)**	58,373
FINANCING ACTIVITIES		
New bank borrowings raised	**64,000**	76,500
Repayment of bank borrowings	**(55,000)**	(81,180)
Proceeds from issue of shares	**196,601**	–
Transaction costs for issue of shares	**(5,065)**	–
Other financing activities	**(3,144)**	(7,090)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**197,392**	(11,770)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**89,410**	29,641
Cash and cash equivalents at 1 January	**98,811**	141,791
Cash and cash equivalents at 30 June, represented by bank balances and cash	**188,221**	171,432

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL INFORMATION

Shaw Brothers Holdings Limited (formerly known as Meike International Holdings Limited) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 June 2009. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 February 2010. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing, trading of sports goods and investments in films. The Company acts as an investment holding company and engages in investments in films.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

In the current period, the Group has applied the following new and revised Hong Kong Financial Reporting Standard ("HKFRSs"), which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2016.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the above new and revised HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior accounting periods and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE

Revenue represents the amount received and receivable for sales of sports goods, including footwear, apparel and accessories and shoe sole, net of sales related taxes. An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Footwear	**50,654**	68,738
Apparel	**–**	6,066
Accessories and shoe sole	**3**	21
	50,657	74,825

5. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chief operating decision maker (the "CODM"), being the board of directors of the Company, for the purpose of resource allocation and performance assessment are as follows:

(1) Manufacturing and trading – trading of sports goods manufactured by the Group; and

(2) Investments in films – investments in production and distribution of films.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the six months ended 30 June 2016 and 2015, the segment revenue and loss were mainly contributed by the manufacturing and trading segment.

(a) Segment revenue and results

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

For the six months ended 30 June 2016

	Manufacturing and trading RMB'000 (Unaudited)	Investments in films RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	**50,657**	**–**	**50,657**
Segment loss	**(15,441)**	**–**	**(15,441)**
Unallocated income			**3,822**
Unallocated expenses			**(8,718)**
Consolidated loss before tax			**(20,337)**

5. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2015

	Manufacturing and trading RMB'000 (Unaudited)	Investments in films RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	74,825	–	74,825
Segment loss	(55,052)	–	(55,052)
Unallocated income			3,075
Unallocated expenses			(16,564)
Consolidated loss before tax			(68,541)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss incurred by each segment without allocation of interest income, finance costs and certain administrative expenses and other income. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

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

Segment assets

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Manufacturing and trading	**155,278**	208,784
Investments in films	**63,896**	24,456
Total segment assets	**219,174**	233,240
Unallocated corporate assets	**419,722**	162,525
Consolidated total assets	**638,896**	395,765

Segment liabilities

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Manufacturing and trading	**13,937**	24,550
Investments in films	**25,836**	–
Total segment liabilities	**39,773**	24,550
Unallocated corporate liabilities	**136,287**	122,860
Consolidated total liabilities	**176,060**	147,410

5. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than a loan receivable, consideration receivable, deposit paid for potential acquisition, pledged bank deposit, short-term bank deposits, bank balances and cash and certain other receivables and prepayments as these assets are managed on a group basis; and

- all liabilities are allocated to operating segments other than bank borrowings, amount due to a related company and certain other payables as these liabilities are managed on a group basis.

Revenue from customers of the corresponding period contributing over 10% of the total sales of the Group is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**21,282**	17,966
Customer B	**9,238**	8,337
Customer C	**N/A**	7,517
Customer D	**N/A**	7,920

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	**3,174**	7,238

7. INCOME TAX

No provisions for Hong Kong Profits Tax and PRC enterprise income tax have been made as the Group does not have any estimated assessable profits arising in Hong Kong and PRC for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods ended 30 June 2016 and 2015.

No withholding tax was accrued as the Group did not generate distributable profits for both periods.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' emoluments:		
Salaries and allowances	**1,366**	1,377
Contributions to retirement benefits scheme	**30**	52
	1,396	1,429
Staff costs:		
Salaries and allowances (excluding directors' emoluments)	**9,766**	14,310
Contributions to retirement benefits scheme (excluding directors)	**1,214**	1,967
Total staff costs	**10,980**	16,277
Cost of inventories recognised as an expense	**41,986**	60,257
Amortisation of prepaid lease payments	**170**	541
Depreciation of property, plant and equipment	**1,304**	2,452
Reversal of impairment loss recognised in respect of trade receivables	**(7,966)**	(2,336)
Interest income	**(1,539)**	(2,981)
Loss (gain) from disposal of property, plant and equipment	**59**	(65)
Net foreign exchange gain	**(2,277)**	(306)
Rental income	**(6)**	(28)
Research and development costs (included in other operating expenses) *(Note)*	**739**	2,444

Note: Research and development costs included staff costs and depreciation of property, plant and equipment for the purpose of research and development activities.

9. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2016 and 2015.

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(20,337)**	(68,541)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,271,121**	1,184,610

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price of the Company's shares for the six months ended 30 June 2015.

The diluted loss per share for the six months ended 30 June 2015 was the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding during the interim period.

The Company had no dilutive potential ordinary shares outstanding as at 30 June 2016.

As a result, the diluted loss per share was the same as the basic loss per share for both reporting periods.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group disposed of certain property, plant and equipment with a carrying amount RMB62,000 (six months ended 30 June 2015: nil) for cash proceeds of approximately RMB3,000 (six months ended 30 June 2015: RMB65,000), resulting in a net loss from disposal of approximately RMB59,000 (six months ended 30 June 2015: net gain of RMB65,000).

During the six months ended 30 June 2016, the Group has acquired plant and equipment of approximately RMB526,000 (six months ended 30 June 2015: RMB579,000).

For the six months ended 30 June 2015, the additions to construction in progress of the Group was amounting to approximately RMB440,000 (six months ended 30 June 2016: nil) and no construction in progress had been transferred out to buildings during the six months ended 30 June 2016 and 2015 while impairment loss of construction in progress was approximately RMB5,552,000 during the six months ended 30 June 2015 due to the termination of one construction project (six months ended 30 June 2016: nil).

During the six months ended 30 June 2016, as a result of the continuous decline in the performance of the Group, the Group carried out a review of the recoverable amount of the Group's property, plant and equipment. The review led to the recognition of impairment losses on property of RMB8,604,000 (six months ended 30 June 2015: nil), which has been recognised in condensed consolidated statement of profit or loss and other comprehensive income. The pre–tax discount rate in measuring the amounts of value-in-use is 15% (six months ended 30 June 2015: 11%). The recoverable amounts of the property, with reference to their value in use amounts to approximately RMB59,507,000 as at 30 June 2016.

12. INVESTMENTS IN FILMS

During the six months ended 30 June 2016, the Group has addition of investments in films of approximately RMB39,440,000 (six months ended 30 June 2015: nil).

13. TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade receivables	164,254	179,027
Less: provision of impairment loss	(141,084)	(135,094)
Trade receivables	23,170	43,933
Other receivables	1,326	5,935
Prepayment to suppliers	37,518	64,739
Other prepayments	–	63
Other receivables and prepayments	38,844	70,737
Trade and other receivables	62,014	114,670

The Group generally allows an average credit period ranging from 180 days to 270 days to its trade customers depending on their financial strength, past credit history and business performance history.

The following is an aging analysis of trade receivables (net of accumulated impairment losses of approximately RMB141,084,000 (31 December 2015: approximately RMB135,094,000)), presented based on the invoice date which approximately the revenue recognition date.

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
0 to 90 days	9,774	26,565
91 to 180 days	8,088	9,892
181 to 365 days	5,308	7,476
	23,170	43,933

14. LOAN RECEIVABLE

As at 30 June 2016, the unsecured loan receivable bears interest at a fixed rate 5% per annum. The unsecured loan receivable is repayable at 31 March 2017.

15. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and repayable on demand.

Mr. Ding Siqiang, a director of the Company, which is the ultimate holding company of the related company.

16. TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade payables	**5,204**	8,437
Other payables	**7,023**	11,489
Other tax payables	**4,570**	4,755
Receipts in advance	**1,306**	1,975
Accrued payroll and staff welfare	**3,662**	2,174
	16,561	20,393
Trade and other payables	**21,765**	28,830

The average credit period on purchases of goods is ranged from 60 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

16. TRADE AND OTHER PAYABLES (Continued)

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
0 to 90 days	**4,351**	7,619
91 to 180 days	**361**	287
181 to 365 days	**239**	228
More than 365 days	**253**	303
	5,204	8,437

17. BANK BORROWINGS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Bank borrowings repayable within one year		
– Secured	**126,300**	117,300

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB64,000,000 (31 December 2015: RMB180,300,000) and repayment of borrowings amounting to approximately RMB55,000,000 (31 December 2015: RMB265,980,000). For the six months ended 30 June 2016, the bank borrowings carry fixed interests ranging from 4.39% to 5.29% per annum (31 December 2015: 4.39% to 6.72%), which were used to finance the operations and used for general working capital of the Group.

As at 30 June 2016, secured bank borrowings with aggregate carrying values of approximately RMB126,300,000 (31 December 2015: RMB117,300,000) were secured by buildings held for own use, pledged bank deposit or prepaid lease payments. Details are disclosed in note 21.

18. SHARE CAPITAL

A summary of the registered, issued and fully paid capital of the Company is as follows:

	Number of shares	Nominal value of ordinary shares	
		HK$'000	RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2015 (audited), 30 June 2015 (unaudited), 1 January 2016 (audited) and 30 June 2016 (unaudited)	10,000,000,000	100,000	
Issued and fully paid:			
At 1 January 2015 (audited), 30 June 2015 (unaudited) and 1 January 2016 (audited)	1,184,610,000	11,846	
Issue of shares *(Note)*	235,000,000	2,350	
At 30 June 2016 (unaudited)	1,419,610,000	14,196	12,322

Note:

During the six months ended 30 June 2016, 235,000,000 ordinary shares (six months ended 30 June 2015: nil) of the Company were issued under placing arrangement at a placing price of HK$1 per share for a cash consideration of HK$235,000,000 (equivalent to RMB196,601,000), before net of transaction costs of approximately HK$6,054,000 (equivalent to RMB5,065,000).

19. SHARE OPTION

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 6 January 2010 for the primary purpose of providing incentives to directors and eligible employees, and will expire ten years after grant date on 27 August 2010. Under the Scheme, the board of directors may grant options to eligible employees, including directors of the Company, to subscribe for shares in the Company. During the six months ended 30 June 2015, 5,800,000 share options held by directors and employees were cancelled (six months ended 30 June 2016: nil). As at 30 June 2016 and 31 December 2015, no share options were outstanding.

20. OPERATING LEASES COMMITMENT

At the end of the reporting period, the Group had commitment for future minimum lease payment under non-cancellable operating lease which falls due as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within one year	–	150

Operating lease payment represented rental payable by the Group for its office property. Lease is negotiated for an average of 2 years with fixed rental.

21. PLEDGE OF ASSETS

The Group had pledged the following assets to secure bank borrowings of the Group at the end of the reporting period. The carrying values of the assets pledged are as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Buildings held for own use	6,673	7,762
Pledged bank deposit	5,000	5,000
Prepaid lease payments	10,801	10,971
	22,474	23,733

22. RELATED PARTY TRANSACTIONS

Saved as disclosed in elsewhere, the Group has the following significant related party transactions:

The remunerations of directors of the Company during the six months ended 30 June 2016 and 2015 were as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**1,366**	1,377
Post-employment benefits	**30**	52
	1,396	1,429

23. DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY WITHOUT LOSING CONTROL

On 25 January 2016, the Company entered into equity transfer agreements (the "Equity Transfer Agreements") with an independent third party (the "Purchaser"). Pursuant to the Equity Transfer Agreements, the Company agreed to sell and the Purchaser agreed to purchase 49% interests of Amber Jungle Limited ("Amber Jungle"), a wholly-owned subsidiary of the Company, at an aggregate consideration of HK$52,000,000 (equivalent to RMB44,131,000, net of transaction costs of approximately RMB849,000). The consideration was determined after arm's length negotiations between the Company and the Purchaser. The transactions were completed on 23 June 2016. As at the date of this report, the amount has been fully settled and recognised as consideration receivable as at 30 June 2016.