IMAGI

IMAGI INTERNATIONAL HOLDINGS LIMITED
意 馬 國 際 控 股 有 限 公 司

stock code 股份代號：585

2015
ANNUAL REPORT 年報

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suen Yick Lun Philip
Mr. Wong Yat Fai
Mr. Shan Jiuliang**
Mr. Zhang Peng#

Independent Non-executive Directors

Mr. Chow Chi Wah Vincent
Dr. Kwong Kai Sing Benny
Mr. Miu Frank H.
Dr. Santos Antonio Maria

Non-executive Directors

Mr. Wen Di#

BOARD COMMITTEES

Audit Committee

Mr. Chow Chi Wah Vincent *(Chairman)*
Dr. Kwong Kai Sing Benny
Mr. Miu Frank H.
Dr. Santos Antonio Maria

Nomination Committee

Dr. Kwong Kai Sing Benny *(Chairman)*
Mr. Chow Chi Wah Vincent
Mr. Miu Frank H.
Dr. Santos Antonio Maria

Remuneration Committee

Dr. Kwong Kai Sing Benny *(Chairman)*
Mr. Chow Chi Wah Vincent
Mr. Miu Frank H.
Dr. Santos Antonio Maria

COMPANY SECRETARY

Ms. Cheng Ka Yau
(resigned on 18 April 2016)
Mr. Suen Yick Lun Philip
(appointed on 18 April 2016)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1107-1108, 11/F., Citibank Tower
3 Garden Road, Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

The Bank of East Asia, Limited

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00585

WEBSITE

www.imagi.com.hk

CONTACT INFORMATION

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** *Mr. Shan Jiuliang is now under administrative leave with effect as from 23 February 2016. (Details of information can be referred to Company's announcement dated 23 February 2016.)*

Ms. Zhang Peng and Mr. Wen Di were removed as Directors of the Company with effect from 15 April 2016 (Details of information can be referred to Company's announcement dated 15 April 2016.)

Chairman's Statement

Dear Shareholders,

On behalf of the Board (the "Board") of Directors (the "Director(s)") of Imagi International Holdings Limited (the "Company"; together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 31 December 2015 (the "Year under Review") to the shareholders of the Company (the "Shareholder(s)").

BUSINESS REVIEW

For the year ended 31 December 2015, the Group posted a loss of HK$81.2 million which was mainly attributed by impairment loss on investment in an unconsolidated subsidiary and a purported short-term loan. As at 31 December 2015, the Group's equity attributable to owners of the Company amounted to approximately HK$841.4 million (2014: approximately HK$920.4 million), and the net asset value per share attributable to owners of the Company was HK$0.08 and (2014: HK$0.09). The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

The Company has handled a number of challenges in the second half of the year such as a potential continuing connected transaction, a payment made to a third party without proper document and unable to access bank statement of Xiamen Sunflower Mingde Business Service Co. Ltd. (an indirect wholly owned subsidiary of the Company, "Xiamen Sunflower"). The Company then took a number of reasonable steps to ensure that the Group's operation was in order such as change of the chairman of the Board of the Company, change the composition of the members of the executive committee of the Company and set up a special committee to manage those challenges. During the Year under Review, the financial impact in relation to those challenges on the Group's result is approximately HK$65 million which was estimated according to the books and records kept by the Company.

PROSPECTS

Looking ahead to 2016, the global economy is clouded of a number of uncertainties such as the trend of interest rate, the economy growth in the People's Republic of China (the "PRC") and the United States of America. To enhance the interests of the shareholder of the Company and for the benefit of the Company as a whole, the Company is anticipated to become the first Asian equivalent of nano Warren Buffet's Berkshire Hathaway through an acquisition of or investment on any potential investments. Moreover, the Company will continuously focus on its principal business, including the development on an integrated financial services business which has been implementing in the first quarter of 2016. The Company would review all licensing agreements and explore any potential development. The Group will also seek and explore any other investment opportunities to enhance its principal business.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude and appreciation to fellow Directors for their support, and to thank all of our staff for their enthusiasm and hard work. I would also like to thank Mr. Leung Pak To, Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G. who left the Board after the year ended 31 December 2015 for their valuable contributions to the Company during their tenure. In addition, I would like to thank all of our shareholders, business partners and bankers for their continuous support over years.

For and on behalf of the Board
Suen Yick Lun Philip
Executive Director

Hong Kong, 30 March 2016

Management Discussion and Analysis

BUSINESS AND OPERATIONAL REVIEW

For the Year under Review, the Group's principal business is to engage in computer graphic imaging ("CGI"), cultural and entertainment business and investment business.

FINANCIAL REVIEW

Review of Results

For the Year under Review, the Group did not report any revenue, cost of sales and gross profit of its CGI business.

The Group entered into a sales agency agreement with an exclusive agent in 2008 to distribute the licensing and broadcasting rights of a CGI feature film owned by the Group for an initial term of 20 years. Based on this arrangement, income amounting to approximately HK$505,000 has been generated during the Year under Review (2014: approximately HK$2,015,000) and treated as other income of the Group.

Other income decreased by 45.4% from approximately HK$16.3 million for the last financial year to approximately HK$8.9 million for the Year under Review, which mainly comprised of approximately HK$4.8 million and approximately HK$3.6 million interest income generated from investment in corporate bonds and from time deposits respectively. The disposal of a corporate bond of approximately HK$8.3 million in late 2014 and the early redemption by its issuer of another corporate bond of approximately HK$8.2 million in early 2015 both attributable to the decrease in interest income generated from investment in corporate bonds. Moreover, approximately HK$90.0 million of cash was used in early 2015 as contribution to registered capital of newly established subsidiaries and the decrease in interest rate of time deposits during the Year under Review lead to the decrease in interest income generated from time deposits accordingly.

Administrative expenses significantly increased by approximately HK$3.4 million or 32.1% from approximately HK$10.6 million for the last financial year to approximately HK$14.0 million for the Year under Review, which was mainly due to the (i) the increase in legal and professional fees by approximately HK$1.9 million or 82.6% from approximately HK$2.3 million for the last financial year to approximately HK$4.2 million for the Year under Review; and (ii) the net increase in other administrative expenses of approximately HK$1.5 million.

The Group recorded a loss of approximately HK$81.2 million for the Year under Review, compared with a profit of approximately HK$3.5 million for the last financial year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily financed by its operation with internally generated cash flows and its internal resources. The liquidity and financial position of the Group as at 31 December 2015 remained healthy and strong, with bank balances amounting to approximately HK$626.0 million (2014: approximately HK$719.4 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 162.0 times (2014: approximately 238.2 times).

As at 31 December 2015, the Group had no bank or other borrowings and therefore the gearing ratio (expressed as a percentage of total borrowings over total equity) was zero (2014: zero).

CAPITAL STRUCTURE

As at 31 December 2015, the total number of issued shares of the Company (the "Share(s)") was 9,968,812,720 Shares with a par value of HK$0.001 each.

No Share repurchase during the Year under Review and the share options granted under the share option schemes of the Company are set out under the headings "Purchase, Sale or Redemption of Securities" and "Share Options" in the Directors' Report.

EXPOSURE TO EXCHANGE RATES

Presently, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar and United States dollar. The Group's exposure to currency risk is minimal as Hong Kong dollar is pegged to United States dollar. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group established Xiamen Sunflower, a wholly owned subsidiary incorporated in the PRC, on 26 February 2015. However, since the reliability of the financial information of Xiamen Sunflower is in question and the Group has not been able to access its books and records since November 2015, Xiamen Sunflower was not consolidated but the investment in it is accounted for on a cost less impairment basis. Details can be referred to note 19 to the consolidated financial statement.

The Group had no disposal of subsidiaries during the Year under Review.

CONTINGENT LIABILITIES AND COMMITMENTS

As disclosed in the announcements of the Company dated 17 December 2015 and 23 February 2016, the Board has not been able to get in contact with the executive Directors, Mr. Shan Jiuliang and Ms. Zhang Peng, and the non-executive Directors, Mr. Wen Di (hereinafter collectively referred to as the "Three Directors") since November 2015, January 2016 and November 2015, respectively and they were the only two executive directors of the Company and one of the two non-executive Directors at that material time for the year ended 31 December 2015. In making their judgement, the Board, taking into account the legal opinion as advised by the Group's legal advisor, and the results from the following assessment, considered that other than those relating to Xiamen Sunflower, all liabilities, both actual and contingent, of the Group have been properly recorded, accounted for or disclosed in these consolidated financial statements:

(a) In reviewing all board minutes at the material time, the Board has not noticed any contracts and agreements that have not been recorded or disclosed in the consolidated financial statements;

(b) Other than those already been notified to the Board, the company secretary of the Group, who is the custodian of the company chops and seals of the Group other than Xiamen Sunflower and an insignificant subsidiary in the Netherlands (the "Netherlands Subsidiary"), has confirmed to the Board that there is no other incident on the usage of company chops and seals of the Group by the Three Directors at the material time. The Board also reviewed all the agreements and contracts as provided by the sole corporate nominee director of the Netherlands Subsidiary, who were instructed to sign at the material time and no irregularities was noted;

(c) Since the announcement dated 17 December 2015 made by the Company in relation to, among others, the absence of attendance of board meetings by the Three Directors and the various governance issues, and the further announcement by the Company dated 23 February 2016 to put the Three Directors into compulsory administrative leave with the suspension of their authorities as Directors, the Board has not been approached or notified by any parties for any potential claims, disputes or lawsuits in relation to unrecorded liabilities or commitment made by the Three Directors on behalf of the Group; and

(d) Based on the investigation carried out by an independent firm of forensic accounting specialists appointed by the Board, there is no evidence of any agreements, guarantees or commitments being made by the Three Directors on behalf of the Company which have not been brought to the attention of the Board.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year under Review (2014: Nil).

HUMAN RESOURCES

As at 31 December 2015, the Group employed 3 employees (2014: 3 employees) in Hong Kong. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee's benefits include medical insurance coverage, mandatory provident fund and share option scheme. The total staff cost for the year ended 31 December 2015, including director's emoluments, amounted to approximately HK$2.5 million.

OTHER INFORMATION FOR THE YEAR AND UP TO THE DATE OF THIS REPORT

(i) Potential Continuing Connected Transaction

A tenancy agreement (the "Tenancy Agreement") was entered into on 1 August 2015 between a company in which Mr. Shan Jiuliang and Ms. Zhang Peng indirectly hold equity interest of 35% and 51.83% respectively, namely Xiamen Cross-Strait Financial Assets Trading Centre Company Limited*（廈門兩岸金融資產交易中心股份有限公司）("Xiamen Cross-Strait"), as the lessor, and a wholly owned subsidiary of the Company, Xiamen Sunflower as the lessee. Under the Tenancy Agreement, Xiamen Cross-Strait was to sublease a property with a gross floor area of 1,400 square meters to Xiamen Sunflower for a term of two years, from 1 August 2015 to 31 July 2017, for a rent of RMB2,688,000 per annum.

At a Board meeting on 15 October 2015 (the "October Board Meeting"), Mr. Leung Pak To, a non-executive Director, and Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G all of whom were independent non-executive Directors considered the level of annual rent payable by Xiamen Sunflower and its current needs for office space and took the view that (i) the terms of Tenancy Agreement are not fair and reasonable; and (ii) the transaction under the Tenancy Agreement is not on normal commercial terms and not in the interests of the Company or its shareholders as a whole. Accordingly, it was resolved at the October Board Meeting that the Tenancy Agreement be revoked.

Mr. Shan Jiuliang, who attended the October Board Meeting, agreed to take steps to revoke the Tenancy Agreement. On 22 October 2015, the Company sent to Mr. Shan Jiuliang a draft agreement confirming the invalidity of the Tenancy Agreement ("Confirmation Agreement"). However, despite numerous attempts to follow up with Mr. Shan Jiuliang, the Company has so far not received the signed Confirmation Agreement from him. The Company will take steps in the PRC to seek to recover the RMB6,000,000 that was paid by Xiamen Sunflower to Xiamen Cross-Strait purportedly under the Tenancy Agreement.

For detail information regarding the potential continuing connected transaction, please refer to the announcement of the Company dated 17 December 2015.

* *for identification only*

(ii) Bank Statements of Xiamen of Sunflower

Despite many rounds of discussions between the Company and Mr. Shan Jiuliang's personal assistant who is not an employee of the Company or any of its subsidiaries, the Company has not been able to obtain a copy of Xiamen Sunflower's monthly bank statements with the Bank since September 2015. As a result, the Company has not been able to provide the complete set of monthly update containing consolidated management accounts of the Company and its subsidiaries to the Board as required under the Listing Rules since September 2015. Mr. Shan Jiuliang, was Xiamen Sunflower's legal representative, and is the sole authorised signatory of Xiamen Sunflower's bank accounts. The Company has taken legal advice from its PRC counsel on possible actions that the Company might be able to take to obtain Xiamen Sunflower's bank statements. However the Company failed to obtain the bank statement after carried out the suggested actions.

For detail information regarding Xiamen Sunflower's bank statements, please refer to the announcement of the Company dated 17 December 2015.

(iii) Legal proceedings for the recovery of HK$10 million paid to a third party

On the instructions of Mr. Shan Jiuliang, a loan in the amount of HK$10 million was extended by a wholly-owned subsidiary of the Company (the "Fund Provider") to an independent third party (the "Fund Recipient") on 6 August 2015 for a purported term of six months. After preliminary investigation conducted by the new management team of the Company, the Board is of the view that there is suspected element of fraud in the whole transaction related to the purported short-term loan. On 23 February 2016, the Fund Provider has commenced legal proceedings by issuing a writ of summons in the High Court of Hong Kong against the Fund Recipient for the recovery of the amount of HK$10 million so paid by the Fund Provider together with interest thereon and costs.

For detail information regarding the HK$10 million fund paid to the Fund Recipient, please refer to the announcements of the Company dated 17 December 2015 and 23 February 2016.

(iv) Directors to take administrative leave

During the Board meeting held on 23 February 2016 (after trading hours), the Board has resolved that Three Directors, shall take administrative leave on a compulsory basis with effect from 23 February 2016. As such, the authorities of the Three Directors as Directors have been suspended with effect from 23 February 2016.

Up to the date hereof, the Board has not been able to reach the Three Directors via their emails, contact numbers, WeChat and letters for a considerable period of time and hence it cannot ascertain the current situations of these Directors. In their prolonged absence, the Board had not been able to obtain their views towards matters that are of relevance to the Company. Furthermore, Mr. Shan Jiuliang and Ms. Zhang Peng had not been fulfilling and discharging their responsibilities as executive Directors either as to the daily businesses or strategic decisions of the Company. The dates of the Company's last contact with the Three Directors are around early November 2015, around early January 2016 and around early November 2015 respectively.

For detail information regarding the above-mentioned three Directors, please refer to the announcements of the Company dated 17 December 2015 and 23 February 2016.

SUBSEQUENT EVENTS UP TO THE DATE OF THIS REPORT

(i) Business Updates

As disclosed in the announcement of the Company dated 28 January 2016, the Group intends to develop an integrated financial services business including provision of securities brokerage services, placing and underwriting services, corporate finance advisory services, investment advisory and management services, margin financing and money lending business, securities investment and proprietary trading. As at the date of this announcement, the Group has a long-term investment portfolio of approximately HK$634 million in which HK$150 million was invested in an equal joint venture and approximately HK$484 million was invested in listed securities. The Group's diversified Hong Kong listed securities comprised mainly listed equity securities in household goods and electronics company, diversified metals and minerals company, properties and construction company, automobiles company, commercial and professional services companies, securities and brokerage company, investment and asset management and media, movies and entertainment companies.

(ii) Grant of Share Options Under the Company's Share Option Scheme

Subsequent to the Year Under Review, the Company granted 360,000,000 share options, 225,000,000 share options and 180,000,000 share options to certain eligible participants on 5 February 2016, 23 February 2016 and 29 February 2016 respectively. For details of the aforesaid grant of share options, please refer to the announcements of the Company dated 5 February 2016, 23 February 2016 and 29 February 2016. All of these share options granted to those eligible participants were fully exercised, the proceeds was approximately HK$76.6 million which has been used as working capital. At the date of this report, there is no outstanding share options which has been granted but not yet exercised.

(iii) The Investment in an Equal Joint Venture in Provision of Finance and Money Lending Business

On 26 February 2016, the Company entered into a joint venture agreement (the "JV Agreement") with Bob May Incorporated ("BMI"), pursuant to which the Company and BMI agreed to cooperate to set-up Imagination Holding Limited (the "JV Company") for the single purpose of carrying out the business of provision of finance and money lending by contributing HK$150 million each to the initial share capital of the JV Company so that the Company and BMI will each hold 50% equity interest in the JV Company.

Pursuant to the JV Agreement, the Company and BMI shall execute a joint venture partners' agreement, which entered into between the Company and BMI, on the same date of the signing of the JV Agreement in order to govern the relationship between the Company and BMI in the JV Company.

For detail information regarding the investment in the equal joint venture, please refer to the announcement of the Company dated 26 February 2016. The transaction was completed on 2 March 2016.

(iv) Share Swap

On 29 February 2016, the Company and the third party entered into a conditional agreement in relation to the shares swap (the "Shares Swap Agreement") pursuant to which, subject to the fulfillment of the conditions, the parties have agreed amongst other things that the Company agreed to issue and allot the 1,900,000,000 ordinary shares of HK$0.001 each of the Company under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting on 16 June 2015 (the "Subscription Shares"), to the third party or its nominee(s) in exchange of the aggregate of 455,500,000 issued ordinary shares of HK$0.002 each of HengTen Networks Group Limited ("HengTen", Stock Code: 136) (the "Consideration Shares") from the third party as full payment of the consideration of the Subscription Shares under the terms and conditions of the Shares Swap Agreement.

The subscription price of HK$0.09 per Subscription Share and the aggregate subscription price of the Subscription Shares in sum of HK$171 million were settled by the third party by the assignment of the Consideration Shares at the consideration price of HK$0.3754 per share of HengTen and the total value for the acquisition of the Consideration Shares are therefore HK$171 million.

For detail information regarding the Shares Swap Agreement, please refer to the announcement of the Company dated 29 February 2016. The share swap transaction was completed on 8 March 2016.

As at the date of this report, the general mandate which was granted by the shareholders of the Company at an annual general meeting dated 16 June 2015 has been utilised by approximately 95.3%.

(v) The Disposal of a Subsidiary

On 7 March 2016, the Company and the purchaser entered into an agreement relating to the disposal of the entire issued share capital of Imagi Jue Ming Limited (the "Disposal"), a direct wholly owned subsidiary of the Company (the "Disposal Agreement"). Pursuant to the Disposal Agreement which the Company has agreed to sell, and the purchaser has agreed to purchase, the entire issued share capital of Imagi Jue Ming Limited together with the loan owed by Imagi Jue Ming Limited to the Company as of the date of completion of the Disposal, at the consideration of HK$25,000,000 which shall be payable in cash by the purchaser to the Company on the date of completion of the Disposal. Upon completion of the Disposal on 9 March 2016 of Imagi Jue Ming Limited and its subsidiaries will cease to be subsidiaries of the Company.

For further information regarding the disposal of a subsidiary, please refer to the announcement of the Company dated 7 March 2016. The disposal of the subsidiary was completed on 9 March 2016.

(vi) Revolving Loan Facility

On 16 March 2016, the Company entered into the Revolving Loan Agreement (the "Revolving Loan Agreement") with the lender pursuant to which, the lender has conditionally agreed to provide a revolving loan facility of up to HK$100 million to the Company for a term of one year commencing from the loan effective date. Pursuant to the Revolving Loan Agreement, Sky Field Holdings Limited, a wholly owned subsidiary of the Company, will be required to execute a share charge in favour of the lender as security for the loan facility under the Revolving Loan Agreement. As one of the substantial shareholders of the Company is the fellow subsidiary of the lender, therefore, the lender is a connected person of the Company under the Listing Rules. Accordingly, the transaction completed under the Revolving Loan Agreement constitutes a continuing connected transaction of the Company which is subject to the approval by the shareholder of the Company in the coming special general meeting of the Company.

For further information regarding the revolving loan facilities, please refer to the announcement of the Company dated 16 March 2016.

(vii) Acquisition of a target company

On 11 March 2016, the Company entered into a sales and purchases agreement (the "Sales & Purchase Agreement") with an independent third party for the acquisition of a target company engaging in the securities trading business (the "Acquisition"). The total consideration for the Acquisition will be satisfied, among others, by cash deposit and issuance of promissory notes. The Acquisition will be carried out in accordance with the terms and subject to the conditions under the Sales & Purchases Agreement. Please also refer to the Company's announcement dated 18 April 2016 as well.

(viii) Estimated tax assessment issued by the Hong Kong Inland Revenue Department ("HKIRD")

On 21 March 2016, Imagi Crystal Limited, a wholly owned subsidiary of the Company, received a tax demand note issued on 14 March 2016 by the HKIRD for an estimated assessment for the year of assessment 2009/2010 with tax payable amounting to HK$9,862,729. The Company disagreed with the estimated assessment and intended to vigorously dispute the said assessment. The Company has engaged professional tax specialist as its tax adviser to contest the assessment and an objection will be lodged on the Company's behalf.

Profile of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Suen Yick Lun Philip, aged 47, is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the CPA Australia. Mr. Suen is also a member of The Hong Kong Institute of Directors. Mr. Suen holds a Bachelor's degree in Accountancy from Queensland University of Technology and a Master's degree in Corporate Finance from The Hong Kong Polytechnic University. Mr. Suen has over 15 years of experience in corporate management and finance, accounting and company secretarial practice. Mr. Suen was formerly an acting chairman, executive director and managing director of Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited, Stock Code: 1141) from 2 July 2014 to 29 February 2016, an executive director of Freeman Financial Corporation Limited (Stock Code: 279) from 2 September 2010 to 14 March 2011, and an executive director of HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited, Stock Code: 136) from 1 April 2011 to 30 June 2014 and as its managing director and chief executive officer from 27 March 2014 to 30 June 2014, all of which are companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Wong Yat Fai, aged 56, holds a professional diploma in banking from The Hong Kong Polytechnic University. Mr. Wong has over 13 years of working experience in an international banking group. Mr. Wong was a non-executive director of The Cross-Harbour (Holdings) Limited (Stock Code: 32) and Yugang International Limited (Stock Code: 613) for the period from 1 October 2007 to 31 December 2012, a non-executive director of Y.T. Realty Group Limited (Stock Code: 75) from 1 October 2007 to 29 Feb 2016, a non-executive director of C C Land Holdings Limited (Stock: 1224) from 1 October 2007 to 1 March 2016, an executive director of China Soft Power Technology Holdings Limited (formerly known as China Jinhai International Group Limited, Stock Code: 139) for the period from 1 April 2000 to 31 July 2015, all of which are companies listed on the Stock Exchange.

Mr. Shan Jiuliang**, aged 51, joined the Company as the Chairman and executive Director in September 2014 and was removed as the Chairman with effect from 26 December 2015. Mr. Shan is the chairman of the board and president of Kunming Fanya Metal Exchange Holdings Company Limited*（昆明泛亞有色金屬交易所股份有限公司）, the chairman of the board of Shengfu Fanya Group Company Limited*（盛富泛亞集團有限公司）and the chairman of the board of Tianjin Kaoer Supply Chain Services Company Limited*（天津考爾供應鏈管理服務有限公司）. Mr. Shan completed his postgraduate studies at the Chinese Academy of Social Sciences and majored in Business Management. Mr. Shan is the husband of Ms. Zhang Peng, another executive Director.

Ms. Zhang Peng**, aged 38, joined the Company as an executive Director in September 2014. Ms. Zhang was the director and vice president of Kunming Fanya Metal Exchange Holdings Company Limited*（昆明泛亞有色金屬交易所股份有限公司）. Prior to joining Kunming Fanya Metal Exchange Holdings Company Limited* in 2012, Ms. Zhang was a journalist of CCTV news centers*（中央電視臺新聞中心）from 1999 to 2007. Ms. Zhang graduated from Renmin University of China with a Bachelor's degree and Master's degree majoring in Journalism. Ms. Zhang is the wife of Mr. Shan Jiuliang, another executive Director.

* *for identification only*

** *Mr. Shan Jiuliang and Ms. Zhang Peng are under administrative leave with effect from 23 February 2016 (Details can be referred to the Company's announcement dated 23 February 2016).*

NON-EXECUTIVE DIRECTOR

Mr. Wen Di**, aged 38, joined the Company as a non-executive Director in September 2014. Mr. Wen was the chief financial officer of Kunming Fanya Metal Exchange Holdings Company Limited*（昆明泛亞有色金屬交易所股份有限公司）. Prior to joining Kunming Fanya Metal Exchange Holdings Company Limited* in 2013, he was the financial director of China Petrochemical International Co., Ltd.（中國石化國際事業有限公司）. Mr. Wen graduated from Renmin University of China with a Bachelor's degree in the Accounting Department and holds an MBA from the Guanghua School of Management of Peking University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Kwong Kai Sing Benny, aged 57, holds a Bachelor's Degree in Arts from Simon Fraser University in British Columbia, Canada. Dr. Kwong held senior positions with major international banks in Hong Kong in respective lending departments and China department for many years. For the past years, he has served as executive director of over 10 publicly listed companies both in Hong Kong, Canada and the United Kingdom. Dr. Kwong has extensive knowledge in corporate finance and banking.

Dr. Kwong was a director of the Tung Wah Group of Hospitals from 2008 to 2010 and was a member of the Campaign Committee of The Community Chest from 2006 to 2010. Dr. Kwong was an appointed member of the China People's Political Consultative Conference of the Hubei province in 1995 to 1996 and is currently an appointed member of the China People's Political Consultative Conference of the Zhaoqing City. During the past three years, Dr. Kwong was an executive director and chairman of China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited, Stock Code: 412) for the period from 12 December 2001 to 7 August 2014; an executive director and managing director of China Soft Power Technology Holdings Limited (formerly known as China Jinhai International Group Limited, Stock Code: 139) for the period from 1 September 2014 to 20 April 2015; and was an executive director and managing director of HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited, Stock Code: 136) for the period from 1 May 2015 to 26 October 2015, all of which are companies listed on the Stock Exchange.

Mr. Chow Chi Wah Vincent, aged 47, obtained a Master's degree in Professional Accounting from The Hong Kong Polytechnic University. Mr. Chow is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 15 years' experience in the finance and accounting field in Hong Kong. Mr. Chow was the executive director, company secretary and financial controller of China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited, Stock Code: 412) for the period from 13 October 2006 to 6 October 2014 and an executive director of HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited, Stock Code: 136) for the period from 1 November 2014 to 26 October 2015, all of which are companies listed on the Stock Exchange.

* *for identification only*

** *Mr. Wen Di is under administrative leave with effect from 23 February 2016 (Details can be referred to the Company's announcement dated 23 February 2016).*

Mr. Miu Frank H., aged 66, holds a Juris Doctor degree from Harvard Law School and a Bachelor of Arts degree in Economics and Accounting from St. John's University of Minnesota in the United States of America. He is a member of the American Bar Association and the American Institute of Certified Public Accountants. He is also a Fellow of Hong Kong Institute of Directors. Apart from professional experience in law and accounting, he has extensive exposure to various industries including financial services.

Mr. Miu was an independent non-executive director of (i) Freeman Financial Corporation Limited (formerly known as Freeman Corporation Limited, Stock Code: 279) during the period from December 2011 to August 2013; (ii) Tack Fiori International Group Limited (Stock Code: 928) during the period from August 2011 to May 2014; (iii) HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited, Stock Code: 136) during the period from December 2009 to October 2015; and (iv) Mason Financial Holdings Limited (formerly known as Willie International Holdings Limited, Stock Code: 273) during the period from June 2011 to October 2015. Mr. Miu is currently an independent non-executive director of China Soft Power Technology Holdings Limited (formerly known as China Jinhai International Group Limited, Stock Code: 139), all of which are companies listed on the Stock Exchange. Aside from directorships in the aforesaid public companies listed on the Stock Exchange, Mr. Miu is also an independent non-executive director of Duoyuan Global Water Inc. (previously listed on New York Stock Exchange).

Dr. Santos Antonio Maria, aged 59, holds a Ph. D. degree in Business Administration from the Neuva Ecija University of Science & Technology in the Philippines, a Master's degree in Management Studies from University of Northumbria at Newcastle, United Kingdom and a Master's degree in Criminal Justice from the Tarlac State University, the Philippines. He is a fellow of the Chartered Management Institute, United Kingdom. Dr. Santos retired from the Hong Kong Police Force in January 2012 after more than 30 years of service there. Apart from volunteering for community services, he is currently a director and shareholder of Advance Tactics Service Limited (a private company principally engaged in providing personal and commercial risk management consultant services in Hong Kong and greater China). Dr. Santos currently is also a director and shareholder of A.M. Santos & Company Limited (a private company incorporated in Hong Kong) and United Partners Incorporated (a private company incorporated in British Virgin Islands), both of which are principally engaged in provided financial consultancy services. Dr. Santos was an executive director (from 21 October 2014 to 15 May 2015) and an acting chairman (from 8 December 2014 to 15 May 2015) of China Solar Energy Holdings Limited (Stock Code: 155). Dr. Santos is also presently an independent non-executive director of Auto Italia Holdings Limited (Stock Code: 720) and Mason Financial Holdings Limited (formerly known as Willie International Holdings Limited, Stock Code: 273), all of which are companies listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Wilson Chung, aged 63, is the general manager of the Company. Mr. Chung holds a Bachelor's degree in Mathematics from the University of Wisconsin-Milwaukee and a Master's degree in Science and a Master's degree in Business Administration (with Honors) from Cornell Graduate School of Business Administration, the United States of America. He has over 23 years' experience in corporate finance and banking.

Ms. Yu Man Fung Alice, aged 44, is the senior vice president and general manager of business development of the Company. Ms. Yu has been the general manager of various listed & non-listed companies for the past 15 years of her career, including Tack Fiori International Group Limited (Stock Code: 928) and Bingo Group Holdings Limited (Stock Code: 8220). Ms. Yu is experienced in overseeing operational aspects of companies and business strategic planning.

Ms. Chen Wei, aged 34, is a director of business development, China of the Company. Ms. Chen holds a Bachelor of Science degree in International Finance from the Beijing University of Aeronautics and Astronautics, a Master of Science degree in Money, Banking and Finance from the University of Birmingham and a PhD degree in Economics from the University of Birmingham. Ms. Chen has extensive experience in the finance and banking industry in Hong Kong and the United Kingdom. Ms. Chen was an executive director of two public companies listed on the Stock Exchange in the past three years.

Mr. Zhan Jianzhou, aged 44, is a director of business development, China of the Company. Mr. Zhan was awarded the Certificate in Foreign Trade by Shenzhen University and completed the postgraduate course of professional studies in business administration at Sichuan University. He holds a Master of Business Administration from Sun Yat-sen University. He held senior positions with major international banks and financial investment groups for years. Mr. Zhan was nominated as the outstanding private entrepreneur in Laibin City, Guangxi in 2006. Mr. Zhan has extensive knowledge in corporate finance and banking. Mr. Zhan was an executive director of a company listed on the Stock Exchange in the past three years.

Mr. Woo Eddie, aged 44, is a director of business development, Asia Ex Japan of the Company. Mr. Woo has extensive corporate finance and direct investment experience in the Greater China region. He was an executive director of a company listed on the Stock Exchange in the past. Mr. Woo received his M.B.A. from the University of San Francisco and his bachelor's degree from the University of California, Santa Cruz.

Corporate Governance Report

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

During the Year under Review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviations described below in the relevant section on page 19 and 24.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. In response to the specific enquiry made by the Company, all the Directors, except for the Three Directors that the Company cannot contact with, confirmed that they fully complied with the required standard set out in the Model Code throughout the Year under Review.

BOARD OF DIRECTORS

All the Directors are high caliber executives with diversified industry expertise and bring a wide range of skills and experience to the Group. As at the date of this annual report, the Board comprised four executive Directors, one non-executive Director and four independent non-executive Directors, whose biographies are set out on pages 13 to 15 of this annual report. Save as disclosed under the section headed "Profile of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships between Board members, and in particular, between the Chairman and the chief executive officer of the Company.

During the Year under Review, the Board maintained a high level of independence, with more than one-third of the Board comprised of independent non-executive Directors, who had exercised independent judgement. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of Directors are disclosed.

MEETINGS

The composition of the Board and their respective attendance in the annual general meeting, the Board meetings and other committee meetings during the Year under Review are as follows:

	Number of meetings attended/held during the respective tenure				
	Annual General meeting	**Board meetings**	**Audit Committee meetings**	**Nomination Committee meeting**	**Remuneration Committee meetings**
Executive Directors					
Shan Jiuliang** *(ceased to act as the Chairman on 26 December 2015)*	1/1	3/9	n/a	1/1	n/a
Zhang Peng**	1/1	2/9	n/a	n/a	n/a
Non-executive Directors					
Leung Pak To *(appointed as Chairman on 26 December 2015, resigned on 23 February 2016)*	1/1	9/9	4/4	n/a	n/a
Wen Di**	1/1	2/9	n/a	n/a	n/a
Independent Non-executive Directors					
Chan Yuk Sang *(resigned on 28 January 2016)*	1/1	9/9	4/4	n/a	1/1
Cheng Yuk Wo *(resigned on 28 January 2016)*	1/1	9/9	4/4	1/1	1/1
Lam Lee G. *(resigned on 28 January 2016)*	1/1	9/9	n/a	0/1	0/1

** *Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di are under administrative leave with effect from 23 February 2016. (Details can be referred to Company's announcement dated 23 February 2016.)*

The company secretary of the Company also attended the annual general meeting of the Company (the "AGM") together with our external auditor, Deloitte Touche Tohmatsu to answer any question from the Shareholders. All Directors treasure the opportunity to canvass the views of the Shareholders in AGM held annually.

Responsibilities and Delegation

The Board is vested with the key roles of formulating the Group's corporate strategic directions and policies, monitoring the financial performance and internal control system of the Group and overseeing the performance of management, who is delegated with the responsibilities of executing the Board's decision and in-charging day-to-day operation. In discharging its responsibilities, the Board meets regularly and acts in good faith, with due diligence and care.

Deviation

Code provision A.6.3 of the CG Codes provides that every Director should ensure that he can give sufficient time and attention to the issuer's affairs and should not accept the appointment if he cannot do so. Reference is made to the announcement of the Company dated 23 February 2016 and as disclosed in the section "Management Discussion and Analysis" on pages 9 to 10 of this annual report, without proper notification and reasonable explanation to the Board, the Company's last contact with Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di are around early November 2015, around early January 2016 and around early November 2015 respectively. In their prolonged absence, the Board had not been able to obtain their views towards matters that are of relevance to the Company. Furthermore, Mr. Shan Jiuliang and Ms. Zhang Peng had not been fulfilling and discharging their responsibilities as executive Directors either as to the daily businesses or strategic decisions of the Company. During the Board meeting held on 23 February 2016, the Board has resolved that Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di shall take administrative leave on a compulsory basis with effect from 23 February 2016. As such, the authorities of Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di as Directors have been suspended with effect from 23 February 2016.

Directors' Continuous Professional Development

To ensure their contributions to the Board remains informed and relevant, all the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skill. During the year, all the Directors were provided with regular updates and presentations on changes and developments of the Group's business and the latest developments in laws, rules and regulations relating to director's duties and responsibilities. Except for the Three Directors, all the remaining Directors confirmed that they have obtained sufficient continuous professional development training.

Chairman and Chief Executive Officer

Under Code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman provides leadership for the Board and ensures that the Board works effectively and discharges its responsibility whilst the chief executive officer of the Company has overall chief executive responsibility for the Group's business development and day-to-day management generally. The position of chief executive officer of the Company remains vacant and the responsibilities of the chief executive officer of the Company were taken up by executive Directors since 1 April 2014. Due to Mr. Shan Jiuliang has been absent from Board meetings since 16 October 2015 and Ms. Zhang Peng has been absent from Board meeting since 28 August 2015, the special committee of the Company has been established on 19 November 2015 and taken up the responsibilities of chief executive officer. On 28 January 2016, with the appointment of new executive Directors and general manager of the Company, the responsibilities of chief executive officer have been passed to the executive committee of the Company.

Appointment and Re-election of Directors

Each of the non-executive Directors has entered into an appointment letter with the Company for a term of two years. Furthermore, in accordance with the bye-laws of the Company (the “Bye-laws”), one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

According to the Bye-laws, Directors appointed to fill casual vacancies shall hold office until the next following general meeting and can be eligible for re-appointment at that time.

According to code provision A.4.2 of the CG Code of the Listing Rules, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules’ requirements as well as guidelines on the responsibilities and obligations to be observed by a Director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group’s business and activities.

Insurance of the Directors and Officers

The Company has bought liability insurance for Directors and officers in respect of legal action against the Directors and officers which is in compliance with Code provision A.1.8 of the CG Code.

Board Diversity Policy

Under Code provision A.5.6 of the CG Code, the nomination committee (or the board) should have a policy concerning diversity of board member, and should disclose the policy in the Corporate Governance Report.

The Board adopted a board diversity policy (the "Board Diversity Policy") on 26 August 2013. The Company recognises and embraces the benefits of having a diverse Board and endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. In determining the optimum composition of the Board, diversity of Board members will be considered from a number of factors in order to maintain an appropriate range and balance of talents, skills, experience and knowledge on the Board. The Company will also take into account its own business model and specific needs from time to time.

BOARD COMMITTEES

The Board has established various committees, including a Remuneration Committee, an Audit Committee and a Nomination Committee, each of which has its specific written terms of reference, which are available on the website of the Stock Exchange and the Company. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate.

Audit Committee

The main role and functions of the Audit Committee include, among others, reviewing the financial information of the Company, overseeing the Company's financial reporting system and internal control procedure, and maintaining relations with the auditor of the Company. The Audit Committee has also been delegated with the responsibilities to oversee the corporate governance functions, which include developing, reviewing and monitoring the Company's policies and practices on corporate governance, legal and regulatory requirements compliance; and reviewing the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report. A new Terms of Reference of the Audit Committee was adopted on 30 March 2016 so as to ensure the function of overseeing financial reporting system, risk management and internal control systems can be properly performed by the Audit Committee.

Currently, the Audit Committee comprises four independent non-executive Directors, Mr. Chow Chi Wah Vincent (committee chairman), Dr. Kwong Kai Sing Benny and Dr. Santos Antonio Maria who were appointed on 28 January 2016 to replace Mr. Cheng Yuk Wo, Mr. Chan Yuk Sang and Mr. Leung Pak To, and Mr. Miu Frank H. who was appointed on 2 February 2016.

During the Year under Review, the Audit Committee held four meetings. Matters reviewed and discussed in the meetings included, among others, the annual results of the Company for the year ended 31 December 2014, the interim results of the Company for the six months ended 30 June 2015, the review of the existing bank mandate and compliance of corporate governance code and relevant disclosures.

Nomination Committee

The Nomination Committee was established with the primarily responsibilities of reviewing the structure, size and composition of the Board, identifying and recommending individuals nominated for directorships, assessing the independence of independent non-executive Directors, monitoring the implementation of and reviewing the Board Diversity Policy.

Currently, the Nomination Committee comprises four independent non-executive Directors, Dr. Kwong Kai Sing Benny (committee chairman), Mr. Chow Chi Wah Vincent and Dr. Santos Antonio Maria who were appointed on 28 January 2016 to replace Mr. Shan Jiuliang, Mr. Cheng Yuk Wo and Mr. Lam Lee G., and Mr. Miu Frank H. who was appointed on 2 February 2016.

During the Year under Review, the Nomination Committee held one meeting. The Nomination Committee considered the appointment of proposed Directors, reviewed the existing structure, size and composition of the Board and accessed the independence of independent non-executive Directors. The Nomination Committee also reviewed objectives set for implementing the Board Diversity Policy to ensure its effectiveness.

Remuneration Committee

The Remuneration Committee of the Company was set up with key responsibilities of, among others, recommending to the Board on the Group's policy and structure for the remuneration of all Directors and senior management and on the remuneration packages of individual executive Directors and senior management.

Currently, the Remuneration Committee composed of four independent non-executive Directors, Dr. Kwong Kai Sing Benny (committee chairman), Mr. Chow Chi Wah Vincent and Dr. Santos Antonio Maria who were appointed on 28 January 2016 to replace Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Mr. Lam Lee G., and Mr. Miu Frank H. who was appointed on 2 February 2016.

During the Year under Review, the Remuneration Committee held one meeting for discussing and considering, among others, the yearly performance bonus and salary adjustment of the employees.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has in place internal control system which encompasses control environment, segregation of duties, policies and procedures, monitoring and is reviewed and enhanced by the management at regular intervals.

In light of the corporate governance issues associated with the matters identified in the announcement of the Company dated 17 December 2015 (the "Identified Issues"), the Company engaged an independent forensic specialists (the "Independent Forensic Specialists") to carry out forensic investigation in order to gather relevant factual information that could assist the Board other than the Three Directors in ascertaining, to the extent possible:

(a) What information is available relating to the Identified Issues;

(b) Whether there is evidence of misappropriation of funds by the Three Directors unrelated to the Identified Issues; and

(c) Whether there are any agreements/guarantees/commitments made by the Three Directors on behalf of the Company which have not been brought to the attention of the Board.

Based on the findings of the Independent Forensic Specialists and as disclosed under the section headed “Contingent Liabilities and Commitments”, the Board is satisfied that there are no other significant governance matters unrelated to the Identified Issues that have had a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements.

However, certain internal controls were overridden by Mr. Shan Jiuliang during the Year under Review and reference is also made to the announcement of the Company dated 17 December 2015. The potential continuing connected transaction and fund transfer to an independent third party without proper notification to and authorisation of the Board, and the failure to obtain the bank statements of an entity in which the Company owned 100% equity interest demonstrated the discrepancies of the existing internal control systems.

The Company is now making all-out effort and in the process of adopting remedial measures, including but not limited to engaging an independent internal control specialists to carry out a comprehensive internal control review. The internal control review report on the findings with recommendations for further improvement has been submitted to and considered by the Audit Committee, and remedial and improvement actions will be carried out and monitored by the management of the Company. Follow-up review will be conducted to ensure the improvement actions are efficiently and effectively in force. Also, the Company will provide additional training to all Directors and management regarding risk management and internal control to enable them to gain further understanding of internal controls, their function and scope, including reporting, which should help to facilitate compliance with the regulatory requirements on internal controls, and equally importantly, it should also provide greater assurance that business objectives can be achieved. Going forward, the Board will oversee the Company’s risk management and internal control systems on an ongoing basis. It will ensure that the Company’s risk management and internal control systems are properly designed and implemented and a review of the effectiveness of such systems will be conducted at least annually. The Board will also ensure that adequate resources will be allocated to the Company’s risk management and internal control functions.

Moreover, amendments on the Code provisions set out in the CG Code regarding the responsibility of Audit Committee on overseeing financial reporting system, risk management and internal control systems had become effective from financial years commencing on 1 January 2016. In view of the amendments, the Company adopted the new Terms of Reference of the Audit Committee on 30 March 2016 so as to ensure the corporate governance functions can be properly performed by the Audit Committee.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to monitor the independence of the external auditor to ensure the objectivity in the financial statements. Members of the Audit Committee are of the view that the Company's external auditor is independent.

During the Year under Review, remuneration in respect of audit and non-audit services provided by the auditor of the Company to the Group was approximately HK$1,800,000 and HK$235,000 respectively.

DIRECTORS AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year under Review. The auditor of the Company acknowledges its reporting responsibilities in the auditor's report on the financial statements for the Year under Review. The statement made by the auditor of the Company regarding their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 35 to 37 of this annual report.

Deviation

Code provision C.1.1 of the CG Codes provides that management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval. C.1.2 of the CG Codes provides that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13. Although the Company has not been able to provide the complete set of monthly update containing consolidated management accounts of the Group to the Board due to the failure to obtain a copy of monthly bank statements of Xiamen Sunflower Mingde Business Service Co., Ltd. since September 2015, to remedy the situations, the Company convened seven times of Board meeting over the four months period from September 2015 to December 2015 in order to manage and understand the operations of the Company. Following with the subsequent disposal of a subsidiary as disclosed in the announcement of the Company dated 8 March 2016 and completed on 9 March 2016, the Company is able to provide a complete set of monthly update to the Board.

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 going concern.

COMPANY SECRETARY

Ms. Cheng Ka Yan ("Ms. Cheng") joined the Company as an accounting manager on 1 April 2014, and she was appointed as an acting company secretary of the Company on 7 November 2014. Ms. Cheng was appointed as the company secretary of the Company on 11 December 2015. Ms. Cheng is the member of Hong Kong Institute of Certified Public Accountant.

The company secretary of the Company assists the Board in preparing the agenda of the Board meetings and ensures all relevant rules and regulations of the procedures of such meeting are complied with. The company secretary of the Company files for and maintains the detailed minutes of each Board meeting, and makes such minutes available and accessible for all Directors.

According to Rule 3.29 of the Listing Rules, the company secretary of the Company has taken not less than 15 hours of relevant professional training for the year ended 31 December 2015.

INVESTOR RELATIONS

Constitutional Documents

During the Year under Review, the Company did not make any changes to the memorandum of association of the Company and Bye-laws, and the current version of which are available on the websites of the Stock Exchange and the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good and effective communication with its shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim reports, annual reports, announcements, notices and circulars, which are published on the Company's own website.

The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with the Company's shareholders. The Directors actively seeks to participate at the AGM and to answer any questions from the Company's shareholders. An AGM circular is distributed to all shareholders at least 21 days prior to the AGM, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders.

Way to Convene a Special General Meeting

Less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to require a special general meeting to be called by the Board. The requisition shall be in writing stating the purposes of the meeting, signed by the requisitionists, addressed to the Board or the Company Secretary and deposited at the principal place of business in Hong Kong of the Company.

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

Procedures for Putting Enquiries to the Board

Shareholders may at any time put their enquires to the Board in writing by sending to the principal place of business in Hong Kong of the Company or to the email address investor@imagi.com.hk for the attention of the Board or the Company Secretary.

Procedures for Putting Forward Proposals at Shareholders' Meeting

In accordance with the law of Bermuda, Shareholders representing (a) not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting; or (b) not less than one hundred Shareholders shall have the right to put forward resolution to be dealt with at a meeting at their own expense.

The requisition shall be in writing stating (a) the proposed resolution to be dealt with; and (b) a statement of not more than one thousand words with respect to the matter referred to in the proposed resolution (if any), signed by the requisitionists, addressed to the Board or the Company Secretary and deposited at the principal place of business in Hong Kong of the Company.

The Board will give the Shareholders notice of the proposed resolution and circulate any statement relating to the proposed resolution.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders are also welcome.

Directors' Report

The Directors present the annual report and the audited consolidated financial statements of the Group for the Year under Review.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year under Review are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The Directors do not recommend the payment of a dividend for the Year under Review (2014: Nil).

BUSINESS REVIEW

A review of the business of the Group for the Year under Review is set out in the Chairman's Statement section of this annual report on page 3.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years/period is set out on page 96.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year under Review are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the Year under Review in the share capital of the Company are set out in note 23 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

RESERVES

Details of movements in the reserves of the Group and the Company during the Year under Review are set out in the consolidated statement of changes in equity on page 40 and note 29 to the consolidated financial statements respectively. As at 31 December 2015, the Company's reserves that were available for distribution to the Shareholders amounted to HK$830,524,000 (2014: HK$909,789,000).

COMPLIANCE WITH REGULATIONS

In view of the nature of the business of the Group, the Directors are of the opinion that no specific laws and regulations related to environmental protection has significant impact on the operations of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Relationship is the fundamentals of business. In view of the operation of the business, the Group didn't have any major customer and supplier that has significant influence on the operations. However, the Group strived to maintain fair and co-operating relationship with the customers and suppliers.

SOCIAL RESPONSIBILITIES AND SERVICES AND ENVIRONMENTAL POLICY

The Group recognises the importance of environmental sustainability against modern ecological challenges. Therefore, the Group committed to the long-term sustainability of its businesses and the communities with which it engages. We pursue this business approach by managing our business prudently and executing management decisions with due care and attention.

The Group is committed to acting in an environmentally responsible manner. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

STAKEHOLDER ENGAGEMENT

Continuous dialogue is maintained with stakeholders that include customers, employees, regulators and the public. The Company seeks to balance the views and interests of these various stakeholders through constructive conversations with a view to charting a course for the long-term prosperity of the Company and the communities we touch.

Employees

Hard-working and dedicated employees are the backbone of a company. The Company treasures its loyal and industrious staff members. In addition, it adopts non-discriminatory hiring and employment practices and strives to provide a safe and healthy workplace.

Government/Community

We recognise the importance of contributing within the local community and we encourage our people to develop close links with charities, schools and other institutions, both locally and nationally, to help to build more economically sustainable local environments. Strenuous efforts are exerted to ensure compliance with the laws and regulations of the jurisdictions in which the Company operates.

DIRECTORS

The Directors during the Year under Review and up to the date of this annual report were:

Executive Directors

Mr. Suen Yick Lun Philip	(appointed on 28 January 2016)
Mr. Wong Yat Fai	(appointed on 28 January 2016)
Mr. Shan Jiuliang**	(ceased to act as the Chairman on 26 December 2015)
Ms. Zhang Peng**	

Non-executive Directors

Mr. Leung Pak To *(Chairman)*	(appointed as Chairman on 26 December 2015 and resigned on 23 February 2016)
Mr. Wen Di**	

Independent Non-executive Directors

Dr. Kwong Kai Sing Benny	(appointed on 28 January 2016)
Mr. Chow Chi Wah Vincent	(appointed on 28 January 2016)
Mr. Miu Frank H.	(appointed on 2 February 2016)
Dr. Santos Antonio Maria	(appointed on 28 January 2016)
Mr. Chan Yuk Sang	(resigned on 28 January 2016)
Mr. Cheng Yuk Wo	(resigned on 28 January 2016)
Dr. Lam Lee G.	(resigned on 28 January 2016)

** *Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di are under administrative leave with effect as from 23 February 2016. (Details can be referred to the Company's announcement dated 23 February 2016.)*

In accordance with Bye-law 87 of the Bye-laws, at each AGM, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for specific term) shall be subject to retirement at an AGM at once every three years. Accordingly Mr. Shan Jiuliang will be retire form office as Director, however, as the Company cannot contact Mr. Shan whether he will offer himself for re-election at the forthcoming AGM. In this regard , Mr. Shan will be retire and will not be re-elected in the forthcoming AGM. Mr. Chow Chi Wah Vincent, Dr Kwong Kai Sing Benny and Mr. Santos Antonio Maria were appointed as Independent non-executive Director to fill casual vacancies will hold office as Independent non-executive Directors until the forthcoming AGM, being eligible, will offer themselves for re-election at the forthcoming AGM in accordance with the Bye-law 86(2) of the Bye-laws.

DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

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

The Director's remuneration policy is determined by the Board with recommendation of the Remuneration Committee of the Company and in accordance to market level, individual qualifications, as well as contribution and commitments to the Company. Details of the emoluments of the Directors and five individuals with highest remuneration are set out in note 12 and note 13 to the consolidated financial statements.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

As at 31 December 2015, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code to the Listing Rules are as follows:

Long Positions in the Shares

Name of Director	Capacity	Number of Shares	% of the Issued Share Capital *(Note 1)*
Mr. Shan Jiuliang	Interest of controlled corporation	2,367,008,000 *(Note 2)*	23.74%
Ms. Zhang Peng	Interest of controlled corporation	2,367,008,000 *(Note 2)*	23.74%
Mr. Leung Pak To	(1) Beneficial owner	168,440,000	1.69%
	(2) Interest of controlled corporation	611,560,000 *(Note 3)*	6.13%

Notes:

1. It was based on 9,968,812,720 Shares as at 31 Decemebr 2015.

2. The Shares were held by Advance Beauty Holdings Limited, a company legally and beneficially owned as to 50% by Mr. Shan Jiuliang and 50% by Ms. Zhang Peng.

3. The Shares were held by Idea Talent Limited, a company wholly owned by Grandwin Enterprises Limited which in turn is wholly and beneficially owned by Mr. Leung Pak To.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company or any of their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would be required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES AND DEBENTURES

Apart from the details as disclosed under in the heading "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the Year under Review was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debenture of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

Save as disclosed in paragraphs headed "(i) Potential Continuing Connected Transaction" under the Management Discussion and Analysis section of this annual report on page 8, the Directors are not aware of any other connected transaction entered into during the Year under Review and existed as at 31 December 2015.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year under Review.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions 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 under Section 336 of the SFO were as follows:

Long Positions in the Shares

Name	Capacity	Number of Shares	% of the Issued Share Capital *(Note 1)*
Advance Beauty Holdings Limited	Beneficial owner	2,367,008,000	23.74%
Idea Talent Limited	Beneficial owner	611,560,000	6.13%
Grandwin Enterprises Limited	Interest in controlled corporation	611,560,000 *(Note 2)*	6.13%

Notes:

1. It was based on 9,968,812,720 Shares in issue as at 31 December 2015.

2. The Shares were held by Idea Talent Limited, a company wholly owned by Grandwin Enterprises Limited which in turn is wholly and beneficially owned by Mr. Leung Pak To.

Save as disclosed above, and as at 31 December 2015, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTIONS

The Company adopted a share option scheme on 16 August 2002 (the "2002 Scheme"). Pursuant to an ordinary resolution passed at the AGM held on 11 June 2012, the Company terminated the 2002 Scheme and adopted a new share option scheme (the "2012 Scheme"), the purpose of which is to reward eligible participants who have contributed or are expected to contribute to the Group and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. Particulars of the 2002 Scheme and the 2012 Scheme are set out in note 25 to the consolidated financial statements. No further option shall be granted under the 2002 Scheme but the options granted under the 2002 Scheme prior to its termination shall remain valid and exercisable in accordance with the terms of the respective grants.

No share option has been granted under the 2012 Scheme and the movements of the share options granted under the 2002 Scheme during the Year under Review were as follows:

					Number of share options					
	Date of grant	Vesting period	Exercise period	Exercise price per Share HK$	As at 1 January 2015	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 December 2015
Former employee	21 August 2009	1 to 3 years	5 years	0.755	417,160	–	–	–	417,160	–

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

PREMITTED INDEMNITY PROVISION

Pursuant to the Company's bye-laws, subject to the relevant statutes, every Director of the Company shall be indemnified and secured harmless by the Company from and against all actions, costs, charges, losses, damages and expenses which they incur in the execution of their duty or supposed duty. Such provisions were in force during the course of the financial year ended 31 December 2015 and remained in force as of the date of this report.

In addition, the Company has taken out and maintained insurance for the Directors against liabilities to third parties that may be incurred in the course of performing their duties as at the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

Deloitte Touche Tohmatsu shall retire in the forthcoming AGM and being eligible, will offer themselves for re-appointment. A resolution for appointment of Deloitte Touche Tohmatsu will be proposed at the forthcoming AGM.

On behalf of the Board
Suen Yick Lun Philip
Executive Director

Hong Kong, 30 March 2016

Independent Auditor's Report

TO THE SHAREHOLDERS OF IMAGI INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Imagi International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 95, 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 Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, 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. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

(i) As explained in note 19 to the consolidated financial statements, the Group has not consolidated the financial statements of a wholly owned subsidiary, 廈門盛福明德商務服務有限公司 (Xiamen Sunflower Mingde Business Service Co. Ltd, ("Xiamen Sunflower")) since its date of establishment on 26 February 2015 because the Group has not been able to access the books and records of Xiamen Sunflower since November 2015 as a result of the loss of contact with an executive director of the Company who is also the legal representative and sole director of Xiamen Sunflower. In addition, as set out in the announcement of the Company dated 17 December 2015, the board of directors of the Company other than Mr. Shau Jiuliang, Ms. Zhang Peng and Mr. Wen Di ("the Board") has identified an unauthorised lease arrangement entered into by the legal representative of Xiamen Sunflower in August 2015 and accordingly, the Board believes that the financial information of Xiamen Sunflower provided by the legal representative for the period from 26 February 2015 (date of establishment) to 31 August 2015 may not be reliable. Against this background, the investment in Xiamen Sunflower is accounted for on a cost less impairment basis. Under Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants, the subsidiary should have been consolidated because it is controlled by the Company, and accordingly the consolidated financial statements have not been prepared in all material respects in accordance with HKFRS. Had Xiamen Sunflower been consolidated, many elements in the consolidated financial statements would have been materially affected. In the absence of reliable financial information of Xiamen Sunflower for the period from 26 February 2015 (date of establishment) to 31 December 2015, it is not practicable for us to quantify the effects of the departure from this requirement on the consolidated financial statements for the year ended 31 December 2015 or to assess whether the disclosures, including the potential disclosure of additional contingent liabilities and commitments, with respect to Xiamen Sunflower in the notes to the consolidated financial statements were sufficient and fairly stated.

(ii) Included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 was an impairment loss of HK$10,000,000 recognised in respect of a purported short-term loan. As disclosed in note 21 to the consolidated financial statements, the Board has been unable to locate the agreement governing this purported loan or contact the fund recipient and as such have been unable to confirm the nature of the fund advance. As further explained in the announcement of the Company on 23 February 2016, the Group has commenced legal proceedings against the fund recipient for recovery of the fund. Given this circumstance, the Board has recognised a full impairment loss in respect of this purported short-term loan for the year ended 31 December 2015.

In addition, consultancy expenses in aggregate of approximately HK$910,000 were recognised in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 in relation to general consultancy services provided by two individuals to the Company. Other than the consultancy service agreements, the Board has been unable to locate other records relating to the provision of the services under this arrangement. We were unable to confirm or verify by alternative means that the consultancy services have been provided to the Group.

Due to the lack of records in respect of these transactions, we were unable to assess (i) whether the fund advance was properly recorded, accounted for and disclosed in the consolidated financial statements, including the appropriateness of the full impairment loss recognised and (ii) whether the consultancy service expenses were properly recorded, accounted for and disclosed in the consolidated financial statements.

Independent Auditor's Report

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	For the year ended 31 December 2015 HK$'000	2014 HK$'000
Other income	8	8,862	16,266
Other losses	9	(1,129)	(2,209)
Impairment loss on a purported short-term loan	21	(10,000)	—
Impairment loss on investment in an unconsolidated subsidiary	19	(64,985)	–
Administrative expenses		(13,986)	(10,602)
(Loss) profit before tax	10	(81,238)	3,455
Income tax expense	11	—	—
(Loss) profit for the year		(81,238)	3,455
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating a foreign operation		269	306
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments		306	429
Net gain (loss) on revaluation of available-for-sale investments		1,690	(105)
Other comprehensive income for the year		2,265	630
Total comprehensive (expense) income for the year		(78,973)	4,085
(Loss) earnings per share			
Basic and diluted (HK cents per share)	15	(0.81)	0.03

Consolidated Statement of Financial Position

At 31 December 2015

		At 31 December	
		2015	2014
	Notes	**HK$'000**	HK$'000
Non-current assets			
Property, plant and equipment	16	**98,069**	99,619
Available-for-sale investments	18	**76,564**	99,324
Investment in an unconsolidated subsidiary	19	**23,843**	—
Club debenture	20	**1,300**	—
		199,776	198,943
Current assets			
Other receivables, deposits and prepayments		**3,875**	5,084
Purported short-term loan	21	**—**	—
Available-for-sale investments	18	**15,749**	—
Bank balances and cash	22	**625,964**	719,369
		645,588	724,453
Current liability			
Other payables and accruals		**3,983**	3,042
Net current assets		**641,605**	721,411
Total assets less current liability		**841,381**	920,354
Net assets		**841,381**	920,354
Capital and reserves			
Share capital	23	**9,969**	9,969
Reserves		**831,412**	910,385
Total equity attributable to owners of the Company		**841,381**	920,354

The consolidated financial statements on pages 38 to 95 were approved and authorised for issue by the board of directors on 30 March 2016 and are signed on its behalf by:

Mr. Suen Yick Lun Philip
Director

Mr. Wong Yat Fai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK$'000	Contributed surplus HK$'000 (Note a)	Merger reserve HK$'000 (Note b)	Translation reserve HK$'000	Share option reserve HK$'000	Investments revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	10,013	1,043,068	909	2,766	4,491	(15)	(138,496)	922,736
Profit for the year	–	–	–	–	–	–	3,455	3,455
Exchange differences on translating a foreign operation	–	–	–	306	–	–	–	306
Net loss on revaluation of available-for-sale investments	–	–	–	–	–	(105)	–	(105)
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments	–	–	–	–	–	429	–	429
Other comprehensive income for the year	–	–	–	306	–	324	–	630
Total comprehensive income for the year	–	–	–	306	–	324	3,455	4,085
Shares repurchased and cancelled (note 23)	(44)	(3,928)	–	–	–	–	–	(3,972)
Share options forfeited (note 25)	–	–	–	–	(1,852)	–	1,852	–
Recognition of equity-settled share-based payments (note 25)	–	–	–	–	407	–	–	407
Reversal of equity-settled share-based payments (note 25)	–	–	–	–	(2,902)	–	–	(2,902)
At 31 December 2014	9,969	1,039,140	909	3,072	144	309	(133,189)	920,354
Loss for the year	–	–	–	–	–	–	(81,238)	(81,238)
Exchange differences on translating a foreign operation	–	–	–	269	–	–	–	269
Net gain on revaluation of available-for-sale investments	–	–	–	–	–	1,690	–	1,690
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments	–	–	–	–	–	306	–	306
Other comprehensive income for the year	–	–	–	269	–	1,996	–	2,265
Total comprehensive income (expenses) for the year	–	–	–	269	–	1,996	(81,238)	(78,973)
Share options forfeited (note 25)	–	–	–	–	(144)	–	144	–
At 31 December 2015	9,969	1,039,140	909	3,341	–	2,305	(214,283)	(841,381)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

Notes:

(a) Pursuant to section 46(2) of the Companies Act 1981 of Bermuda and with effect after the passing of a special resolution at a special general meeting held on 29 August 2011, the Company's entire amount standing to the credit of the share premium account and the deemed contribution reserve account were cancelled (the "Share Premium Cancellation"). Upon the Share Premium Cancellation becoming effective, the directors of the Company authorised to transfer the credit arising therefrom to the contributed surplus account of the Company and to set off the accumulated losses of the Company in a manner permitted by the laws of Bermuda and the bye-laws of the Company.

(b) Merger reserve represents the difference between the nominal value of shares of subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a previous corporate reorganisation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
(Loss) profit for the year		**(81,238)**	3,455
Adjustments for:			
Interest income		**(8,328)**	(14,251)
Share-based payment expenses		**—**	(2,495)
Depreciation of property, plant and equipment		**2,380**	1,165
Impairment loss on a purported short-term loan	21	**10,000**	—
Impairment loss on investment in an unconsolidated subsidiary	19	**64,985**	—
Loss on disposal of property, plant and equipment		**—**	10
Loss recognised upon sale of available-for-sale investments		**306**	429
Operating cash flows before movements in working capital		**(11,895)**	(11,687)
Decrease in other receivables, deposits and prepayments		**663**	38,516
Increase (decrease) in other payables and accruals		**941**	(862)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(10,291)**	25,967
INVESTING ACTIVITIES			
Capital injection to an unconsolidated subsidiary	19	**(88,828)**	—
Purported short-term loan	21	**(10,000)**	—
Purchase of club debenture		**(1,300)**	—
Purchase of property, plant and equipment		**(830)**	(72,875)
Interest received		**9,341**	15,403
Proceeds from disposal of available-for-sale investments		**8,234**	8,268
Proceeds from disposal of property, plant and equipment		**—**	15
Purchase of available-for-sale investments		**—**	(23,054)
NET CASH USED IN INVESTING ACTIVITIES		**(83,383)**	(72,243)
CASH USED IN FINANCING ACTIVITY			
Payment on repurchase of shares		**—**	(3,972)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(93,674)**	(50,248)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**719,369**	769,311
Effect of foreign exchange rate changes		**269**	306
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		**625,964**	719,369

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" to the annual report.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 30.

The consolidated financial statements are presented in Hong Kong dollar, which is also the functional currency of the Company.

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

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

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

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 — 2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

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

HKFRS 9 *Financial Instruments*

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

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

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

HKFRS 9 *Financial Instruments* *(continued)*

Key requirements of HKFRS 9:

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

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

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

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

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

HKFRS 9 *Financial Instruments* *(continued)*

Key requirements of HKFRS 9: *(continued)*

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

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detail review.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

HKFRS 15 *Revenue from Contracts with Customers* *(continued)*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The directors of the Company anticipate that the application of these amendments to HKFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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

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

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

The directors of the Company do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, except for not consolidating the financial statements of a wholly owned subsidiary, Xiamen Sunflower Mingde Business Service Co. Ltd. ("Xiamen Sunflower") which the Group established during the year in accordance with HKFRS 10 "Consolidated Financial Statements". In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair values of the consideration received or receivable.

Royalty income from the licensing of trademarks and copyrights is generally recognised in periods when royalties are reported by licensees about the related product sales.

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

Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land (classified as finance leases) held for administrative purpose, are stated in the consolidated financial statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

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

Functional currency of a group entity is changed only if there is a change to the underlying transactions, events and conditions that are relevant to the entity, such effect is accounted for prospectively at the date of change, the entity translates all items into the new functional currency using the prevailing exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from the translation of a foreign operation previously recognised in comprehensive income are not reclassified from equity to profit or loss until the disposal of the operation.

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of option that will eventually vest, with a corresponding increase in equity (share option reserve).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equity-settled share-based payment transactions *(continued)*

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

Taxation

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each of 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

Intangible assets

Computer graphic imaging ("CGI") animation pictures

CGI animation pictures, which represent CGI animation pictures in which the Group retains ownership, consist of film rights of completed CGI animation pictures and CGI animation pictures of which the productions are still in progress.

CGI animation pictures in progress are stated at costs incurred to date, including all the costs directly attributable to the CGI animation pictures in progress and borrowing costs capitalised, less accumulated impairment losses. Upon completion and release of the CGI animation pictures, the costs are amortised based on the proportion of actual income earned during the year to the estimated total income expected to be generated from the relevant CGI animation pictures.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

CGI animation pictures *(continued)*

Completed CGI animation pictures are stated at cost incurred to date, representing all the costs directly attributable to the completed CGI animation pictures and borrowing costs capitalised, less accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial instruments

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

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

Financial assets

The Group’s financial assets are classified into one of the two categories, including available-for-sale (“AFS”) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, refundable deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities including other payables are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition

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

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

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

Impairment on tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment on tangible and intangible assets *(continued)*

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 for which the estimates of future cash flows have not been adjusted.

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amounts which are the higher of the value in use or the fair value less costs to sell of the CGU to which intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows vary against what were expected or changes in facts and circumstances which result in revision of future estimated cash flows, a material reversal of previously recognised impairment loss may arise.

As at 31 December 2015, the carrying amount of the intangible assets is HK$Nil (2014: HK$Nil), net of accumulated amortization and impairment of HK$287,405,000 (2014: HK$287,405,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated impairment of investment in an unconsolidated subsidiary

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the carrying amount and the share of present value of estimated future cash flows expected to be generated by the investee, which represent the proceed, on ultimate disposal of investment. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of the investment in an unconsolidated subsidiary is approximately HK$23,843,000 (net of accumulated impairment loss of approximately HK$64,985,000) (2014: HK$Nil).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with share capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale investments	92,313	99,324
Loans and receivables (including cash and cash equivalents)	628,601	723,448
	720,914	822,772
Financial liabilities		
Amortised cost	1,047	2,019

6b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, other receivables, refundable deposits, bank balances and cash, purported short-term loan and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Group have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
United State dollars ("USD")	123,096	116,611	–	–
Euro ("EUR")	7,599	5,367	–	–

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Currency risk *(continued)*

Sensitivity analysis

The Group is mainly exposed to the fluctuations in HK$ against USD and EUR.

As the USD will only vary between HK$7.75=USD1.00 and HK$7.85=USD1.00 under the Linked Exchange Rate System, the management of the Company is of the opinion that the Company's exposure to USD is minimal and accordingly, no foreign currency sensitivity analysis on USD is presented.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in EUR against HK$. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items. A positive number below indicates an increase in post-tax loss (2014: decrease in profit-tax profit), where EUR weakened by 5% (2014: 5%) against HK$. For a 5% (2014: 5%) strengthening of EUR against HK$, there would be an equal and opposite impact on post-tax loss (2014: post-tax profit) for the year.

	EUR	
	2015	2014
	HK$'000	HK$'000
Profit or loss	**380**	224

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rates short-term bank deposits (see note 22 for details of these short-term bank deposits) and available-for-sale fixed rate instruments (see note 18 for details of these available-for-sale investments) for both years.

The management considers the fair value interest rate risks are insignificant and therefore no sensitivity analysis on such risks has been prepared.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on the AFS debt investments is limited because majority of the AFS debt investments have high credit rating assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December 2015 HK$'000
At 31 December 2015				
Non-derivative financial liabilities				
Other payables	–	1,047	1,047	1,047

	Weighted average effective interest rate %	Less than 1 month HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December 2014 HK$'000
At 31 December 2014				
Non-derivative financial liabilities				
Other payables	–	2,019	2,019	2,019

6. FINANCIAL INSTRUMENTS *(continued)*

6c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique
	2015	2014		
	HK$'000	HK$'000		
Available-for-sale investments in debt securities (note 18)	**92,313**	99,324	Level 1	Quoted bid prices in an active market

Fair value of financial assets and financial liabilities that are not measured at fair value

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

7. REVENUE AND SEGMENT INFORMATION

The Group's principal activities during the year was to invest in corporate bonds and place short-term deposits for interest income. No segment information has been present, as there is no operating segment within the Group.

8. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income on available-for-sale investments	4,771	5,946
Interest income on bank deposits	3,557	8,305
Royalty income	505	2,015
Others	29	–
	8,862	16,266

9. OTHER LOSSES

	2015 HK$'000	2014 HK$'000
Loss on disposal of property, plant and equipment	–	10
Loss recognised upon sale of available-for-sale investments	306	429
Net foreign exchange losses	823	1,770
	1,129	2,209

10. (LOSS) PROFIT BEFORE TAX

	2015 HK$'000	2014 HK$'000
(Loss) profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	1,800	1,081
Directors' emoluments (note 12)	1,400	1,381
Other staff costs (salaries and wages)	1,092	2,031
Contribution to retirement benefit scheme	40	56
Reversal of equity-settled share-based payments expenses other than directors	–	(47)
Total staff costs	2,532	3,421
Depreciation of property, plant and equipment	2,380	1,165

11. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits for both years.

11. INCOME TAX EXPENSE *(continued)*

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

	2015 HK$'000	2014 HK$'000
(Loss) profit before tax	(81,238)	3,455
Tax at the domestic income tax rate of 16.5%	(13,404)	570
Tax effect of expenses not deductible for tax purpose	12,883	193
Tax effect of income not taxable for tax purpose	(671)	(1,709)
Tax effect of tax losses not recognised	1,214	1,373
Utilisation of tax losses previously not recognised	(164)	(395)
Others	142	(32)
Tax expense for the year	–	–

At the end of the reporting period, the Group has unused tax losses of approximately HK$347,174,000 (2014: HK$340,811,000) available for offset against future profits. No deferred tax assets has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

The Group disposed of Infoport Management Limited and its subsidiaries (collectively referred to as "TE Group") during the year ended 31 December 2013. Pursuant to the relevant tax laws in the PRC, the directors of the Company evaluated the probability of whether or not that a capital gain has arisen from the disposal of TE Group. Taking into account the advice obtained from tax advisor, the directors of the Company are of the opinion that its overall investment loss position is justifiable and accordingly, no capital gain tax needs to be recognised in respect of the disposal of TE Group.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 7 (2014: 11) directors and the chief executive of the Company were as follows:

31 December 2015

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit scheme HK$'000	Equity-settled share-based payment expense HK$'000	Total HK$'000
Executive Directors:					
Mr. Shan Jiuliang (Note a)	200	–	–	–	200
Ms. Zhang Peng (Note a)	200	–	–	–	200
Non-executive Directors:					
Mr. Leung Pak To (Note g)	200	–	–	–	200
Mr. Wen Di (Note b)	200	–	–	–	200
Independent Non-executive Directors:					
Mr. Chan Yuk Sang (Note h)	200	–	–	–	200
Mr. Cheng Yuk Wo (Note h)	200	–	–	–	200
Dr. Lam Lee G. (Note h)	200	–	–	–	200
	1,400	–	–	–	1,400

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

31 December 2014

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit scheme HK$'000	Equity-settled share-based payment expense HK$'000 (Note i)	Total HK$'000
Executive Directors:					
Mr. Shan Jiuliang (Note a)	58	—	—	—	58
Ms. Zhang Peng (Note a)	58	—	—	—	58
Mr. Yung Tse Kwong, Steven (Note c)	—	1,004	4	(2,351)	(1,343)
Mr. Ma Wai Man, Catherine (Note d)	—	1,500	14	(97)	1,417
Non-executive Directors:					
Mr. Leung Pak To (Note g)	200	—	—	—	200
Mr. Wen Di (Note b)	58	—	—	—	58
Mr. Lian Meng (Note e)	171	—	—	—	171
Independent Non-executive Directors:					
Mr. Chan Yuk Sang (Note h)	200	—	—	—	200
Mr. Cheng Yuk Wo (Note h)	200	—	—	—	200
Dr. Lam Lee G. (Note h)	200	—	—	—	200
Mr. Lim Chin Leong (Note f)	81	—	—	—	81
Ms. Wei Wei (Note f)	81	—	—	—	81
	1,307	2,504	18	(2,448)	1,381

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

Notes:

(a) Mr. Shan Jiuliang and Ms. Zhang Peng were appointed as executive directors on 16 September 2014 and under administrative leave with effect from 23 February 2016.

(b) Mr. Wen Di was appointed as a non-executive director on 16 September 2014 and under administrative leave with effect from 23 February 2016.

(c) Mr. Yung Tse Kwong, Steven resigned as an executive director on 1 April 2014.

(d) Ms. Ma Wai Man, Catherine resigned as an executive director on 16 September 2014.

(e) Mr. Lian Meng resigned as a non-executive director on 7 November 2014.

(f) Mr. Lim Chin Leong and Ms. Wei Wei resigned as independent non-executive directors on 26 May 2014.

(g) Mr. Leung Pak To resigned as a non-executive director on 23 February 2016.

(h) Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G. resigned as independent non-executive directors on 28 January 2016.

(i) The negative amount represents the effect of share options cancelled during the year, prior to the vesting of relevant share options as a result of the resignation of directors.

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

Mr. Yung Tse Kwong, Steven was the chief executive of the Company from 1 April 2012 to 1 April 2014 and his emolument disclosed above included the service rendered by him as the chief executive of the Company. The Company do not have chief executive after the resignation of Mr. Yung Tse Kwong.

Neither the chief executive nor any of the directors of the Company waived any emoluments for both reporting years. No emoluments were paid by the Group to the chief executive or the directors of the Company as an inducement to join or upon joining the Group, nor compensate for loss of office during the years.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments, excluding the impact of share options cancelled prior to the vesting of relevant share options, two (2014: three) were employees who are not directors of the Company and the remainder are directors of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of these two (2014: three) highest paid employees were as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	882	1,606
Contributions to retirement benefit scheme	30	39
Reversal of equity-settled share-based payments	–	(47)
	912	1,598

Their emoluments were within the following bands:

	Number of employee	Number of employee
HK$Nil to HK$1,000,000	2	2
HK$1,000,000 to HK$1,500,000	–	1

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: HK$Nil).

15. (LOSS) EARNINGS PER SHARE

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

	2015 HK$'000	2014 HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(81,238)**	3,455
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**9,968,812,720**	9,974,221,596

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than average market price for shares for both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
COST				
At 1 January 2014	–	–	761	761
Additions	100,627	–	–	100,627
Disposals	–	–	(42)	(42)
At 31 December 2014	100,627	–	719	101,346
Additions	–	525	305	830
Written off	–	–	(6)	(6)
At 31 December 2015	**100,627**	**525**	**1,018**	**102,170**
DEPRECIATION				
At 1 January 2014	–	–	579	579
Charge for the year	1,088	–	77	1,165
Eliminated on disposals	–	–	(17)	(17)
At 31 December 2014	1,088	–	639	1,727
Charge for the year	2,176	111	93	2,380
Eliminated on written off	–	–	(6)	(6)
At 31 December 2015	**3,264**	**111**	**726**	**4,101**
CARRYING VALUE				
At 31 December 2015	**97,363**	**414**	**292**	**98,069**
At 31 December 2014	99,539	–	80	99,619

The leasehold land and buildings comprises commercial office property units and car park spaces located in Hong Kong.

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

Leasehold land and buildings	Over the shorter of the term of the lease, or 50 years
Leasehold improvements	Over the shorter of the term of the lease, or 5 years
Furniture, fixtures and equipment	20%

17. INTANGIBLE ASSETS

	CGI animation pictures HK$'000 (Note)
COST	
At 1 January 2014, 31 December 2014 and 31 December 2015	287,405
AMORTISATION AND IMPAIRMENT	
At 1 January 2014, 31 December 2014 and 31 December 2015	287,405
CARRYING VALUE	
At 1 January 2014, 31 December 2014 and 31 December 2015	–

Note: CGI animation pictures were internally generated and stated at production costs incurred to date, including borrowing costs capitalised, less accumulated impairment losses, if any.

18. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2015 HK$'000	2014 HK$'000
Listed investments:		
Corporate bonds listed in Hong Kong with fixed interest rates ranging from 3.3% to 4.8% (2014: from 3.3% to 4.8%) and maturity dates ranging from 18 October 2016 to 21 November 2018 (2014: from 18 October 2016 to 21 November 2018)	**51,792**	51,453
Corporate bonds listed in Singapore with fixed interest rates ranging from 8.5% to 11.1% (2014: from 8.5% to 11.1%) and maturity dates ranging from 20 March 2017 to 10 January 2019 (2014: from 20 March 2017 to 10 January 2019)	**16,039**	23,195
Corporate bonds listed in the European market with interest rates ranging from 5.1% to 6.8% (2014: from 5.1% to 6.8%) and maturity dates ranging from 21 January 2018 to 23 January 2019 (2014: from 21 January 2018 to 23 January 2019)	**24,482**	24,676
	92,313	99,324
Analysed for reporting purposes as:		
Current assets	**15,749**	—
Non-current assets	**76,564**	99,324
	92,313	99,324

As at 31 December 2015, all available-for-sale investments are denominated in USD, which is a foreign currency of the relevant group entities as their functional currency is HK$.

19. INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY/IMPAIRMENT LOSS ON INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

	2015 HK$'000	2014 HK$'000
Investment in an unconsolidated subsidiary	88,828	–
Less: Impairment on investment	(64,985)	–
	23,843	–

During the year ended 31 December 2015, the Group, through one of its wholly owned subsidiaries, established 廈門盛福明德商務服務有限公司 (Xiamen Sunflower Mingde Business Service Co. Ltd, ("Xiamen Sunflower")) in the People's Republic of China (the "PRC") for providing advisory services in relation to business information, enterprise management, investment and social economics (excluding financial business), as well as supply chain management. Xiamen Sunflower was established on 26 February 2015 and RMB71,000,000 (equivalent to approximately HK$88,828,000) was injected to its bank account as paid up capital on 26 June 2015. As disclosed in the Company's announcement dated 17 December 2015, Xiamen Sunflower entered into an unauthorised tenancy agreement ("Tenancy Agreement") in August 2015 to lease a property for a term of two years from a company ("Sub-lessor") in which Mr. Shan Jiuliang ("Mr. Shan") and his spouse, Ms. Zhang Peng ("Ms. Zhang"), the two executive directors of the Company, collectively own 86.83% equity interest, for a rent of RMB2,688,000 per annum. A total sum of RMB6,000,000 (equivalent to approximately HK$7,468,000), representing two years' rent paid in advance and a deposit of RMB624,000 (equivalent to approximately HK$777,000), purportedly under the Tenancy Agreement was paid to the Sub-lessor. The board of directors of the Company other than Ms. Zhang and Mr. Wen Di has subsequently resolved to revoke the transaction but the Company was advised by its PRC legal adviser that although (i) the board of directors of the Company other than Mr. Shan, Ms. Zhang and Mr. Wen Di (the "Board") was not aware of the Tenancy Agreement at the time when it was executed; and (ii) the Board had not approved, authorised or ratified the transaction, this does not invalidate the Tenancy Agreement. The Group is not able to get in contact with Mr. Shan, who is also the legal representative and sole director of Xiamen Sunflower, since November 2015. In addition, the Company has not been able to get access to the books and records, including banks statements, of Xiamen Sunflower since then, neither could the Company get access to Xiamen Sunflower's bank accounts by any means. Taking into account the facts and circumstances, the Board is concerned about the reliability of the financial information of Xiamen Sunflower previously provided to the Company for consolidation purposes and decided not to consolidate the financial statements of Xiamen Sunflower from its date of establishment and accounted the investment on a cost basis. This non-consolidation of Xiamen Sunflower is not in compliance with the requirements of HKFRS 10, which requires the Group to consolidate its subsidiaries. Given the abovementioned circumstances, the Board is unable to ascertain the impact of not consolidating the financial Statements of Xiamen Sunflower on the consolidated financial statements.

19. INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY/IMPAIRMENT LOSS ON INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY *(continued)*

As announced by the Company on 7 March 2016, the Company entered into a disposal agreement on the same date with an independent third party to dispose of Imagi Jue Ming Limited (which holds the entire equity interest in Po Hau Holdings Limited and Xiamen Sunflower), together with the shareholder's loan amounting to HK$100,000,000, at a cash consideration of HK$25,000,000 (the "Consideration"). Accordingly, the Group recognised an impairment loss of approximately HK$64,985,000 on the carrying amount of the investment in Xiamen Sunflower as at 31 December 2015 based on the Consideration less the amount attributable to the net assets (comprised only bank balances) of Imagi Jue Ming Limited and Po Hau Holdings Limited. The transaction was completed on 9 March 2016.

20. CLUB DEBENTURE

The club debenture with indefinite useful life is tested for impairment annually and whenever there is an indication that it may be impaired. The directors of the Company are of the opinion that no impairment loss was identified with reference to market value.

21. PURPORTED SHORT-TERM LOAN/IMPAIRMENT LOSS ON A PURPORTED SHORT-TERM LOAN

	2015 **HK$'000**	2014 HK$'000
Purported short-term loan	**10,000**	–
Less: Allowance for doubtful debt	**(10,000)**	–
	–	–

On the instruction of Mr. Shan, a wholly owned subsidiary of the Company transferred HK$10,000,000 to a purported third party ("Fund Recipient") for a purported term of six months (the "Purported Loan") on 6 August 2015. Other than Mr. Shan, the Board does not have knowledge on the details of the Purported Loan and the background of the Fund Recipient.

21. PURPORTED SHORT-TERM LOAN/IMPAIRMENT LOSS ON A PURPORTED SHORT-TERM LOAN *(continued)*

As disclosed in the Company's announcement dated 23 February 2016, the Board is of the view that there is a suspected element of fraud in the whole transaction after a preliminary investigation conducted by the management of the Company. The Group commenced legal proceedings by issuing a writ of summons in the High Court of Hong Kong on 23 February 2016 against the Fund Recipient for the recovery of the Purported Loan together with interest thereon and costs.

Despite the aforesaid legal proceedings, in the opinion of the Board, the recoverability of the Purported Loan is uncertain at this juncture and accordingly, a full allowance of HK$10,000,000 has been provided for the year ended 31 December 2015.

22. BANK BALANCES AND CASH

The bank balances and cash include short-term bank deposits with an original maturity of three months or less. The bank balances carry interest at market rates which are as follows:

	2015	2014
Range of interest rate per annum:		
Bank balances	0.001% to 0.65%	0.001% to 0.88%

At the end of the reporting period, included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the relevant group entities.

	2015 HK$'000	2014 HK$'000
USD	29,281	15,479
EUR	109	121

23. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.001 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	1,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2014	10,013,524	10,013
Shares repurchased and cancelled during the year (Note)	(44,712)	(44)
At 31 December 2014 and 31 December 2015	9,968,812	9,969

Note:

During the year ended 31 December 2014, the Company repurchased and cancelled its own shares through its subsidiary on the Stock Exchange as follows:

Month of cancellation	No. of ordinary shares '000	Price paid per share HK$	Aggregate consideration consideration paid (before expenses) HK$'000
January 2014	24,712	0.088	2,175
February 2014	30,000	0.088	1,760

The above shares were repurchased with related expenses amounted to HK$37,000 and these shares were cancelled after repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

24. CONTINGENT LIABILITIES AND COMMITMENTS

As disclosed in the announcements of the Company dated 17 December 2015 and 23 February 2016, the Board has not been able to get in contact with Mr. Shan, Ms. Zhang and Mr. Wen (collectively the "Three Directors") since November 2015, January 2016 and November 2015, respectively and they were the only two executive directors and one of the non-executive directors of the Company at that material time for the year ended 31 December 2015. In making their judgement, the Board, taking into account the legal opinion as advised by the Group's legal advisor, and the results from the following assessment, considered that other than those relating to Xiamen Sunflower, all liabilities, both actual and contingent, of the Group have been properly recorded, accounted for or disclosed in these consolidated financial statements:

(a) In reviewing all board minutes at the material time, the Board has not noticed any contracts and agreements that have not been recorded or disclosed in these consolidated financial statements;

(b) Other than those already been notified to the Board, the company secretary of the Group, who is the custodian of the company chops and seals of the Group other than Xiamen Sunflower and an insignificant subsidiary in the Netherlands (the "Netherlands Subsidiary"), has confirmed to the Board that there is no other incident on the usage of company chops and seals of the Group by the Three Directors at the material time. The Board also reviewed all agreements and contracts as provided by the sole corporate nominee director of the Netherlands Subsidiary, who were instructed to sign at the material time and no irregularities was noted;

(c) Since the announcement dated 17 December 2015 made by the Company in relation to, among others, the absence of attendance of board meetings by the Three Directors and the various governance issues, and the further announcement by the Company dated 23 February 2016 to put the Three Directors into compulsory administrative leave with the suspension of their authorities as directors, the Board has not been approached or notified by any parties for any potential claims, disputes or lawsuits in relation to unrecorded liabilities or commitment made by the Three Directors on behalf of the Group; and

(d) Based on the investigation carried out by an independent firm of forensic accounting specialists appointed by the Board, there is no evidence of any agreements, guarantees or commitments being made by the Three Directors on behalf of the Company which have not been brought to the attention of the Board.

25. SHARE-BASED PAYMENT TRANSACTIONS

On 16 August 2002, the Company adopted a share option scheme for the primary purpose of providing incentives to employees, executives or officers, directors of the Company or any of its subsidiaries and any business consultants, agents, legal or financial advisers or any supplier or provider of goods and services of the Company or any of its subsidiaries (the "Participants") for their contribution to the Group (the "2002 Scheme").

The 2002 Scheme was terminated on 11 June 2012 and a new share option scheme (the "2012 Scheme") was adopted by the shareholder of the Company on the same date. All share option granted under 2002 Scheme remain effective until the end of the exercise period. The general terms and conditions of the two share option schemes are the same and listed as follow:

The directors of the Company may grant options to the Participants to subscribe for shares in the Company for a consideration of HK$10 for each lot of share options granted. Options granted must be taken up within 28 days of date of grant. The exercise price is determined by the directors and shall not be less than the highest of:

(i) the official closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of the grant which must be a business day;

(ii) the average of the official closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the 5 business days immediately preceding the offer date; and

(iii) the nominal value of a share.

The maximum number of shares in the Company in respect of which options may be granted under the 2002 Scheme and 2012 Scheme when aggregated with any other share option scheme of the Company is not permitted to exceed 10% of the issued share capital of the Company as at 16 August 2002 and 11 June 2012 respectively. Subject to the approval of the shareholders of the Company in general meeting and such other requirements prescribed under the Listing Rules from time to time, the directors of the Company may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meetings. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and 2012 Scheme and any other share option scheme of the Company at any time shall not exceed 30% of the shares in issue from time to time.

25. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of total number of shares in issue at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to the approval of the shareholders in general meetings, such Participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the directors of the Company are empowered to impose at their discretion any such minimum period at the time of grant of any particular options. The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

The following table discloses movements of the share options held by directors and employees:

For the year ended 31 December 2015

2002 Scheme

	Grant date	Vesting period	Fair value of share option at grant date HK$	Outstanding at 1 January 2015	Forfeited during the year (Note c)	Outstanding at 31 December 2015
Former employee	21 August 2009	21/8/2009 to 30/9/2010	0.144	417,160	(417,160)	–

25. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

For the year ended 31 December 2014

2002 Scheme

	Grant date	Vesting period	Fair value of share option at grant date HK$	Outstanding at 1 January 2014	Cancelled during the year (Note a)	Forfeited during the year (Note b)	Outstanding at 31 December 2014
Former directors	13 April 2011	13/4/2011 to 12/4/2014	0.164	1,000,000	–	(1,000,000)	–
		13/4/2011 to 12/4/2015	0.178	500,000	(500,000)	–	–
		13/4/2011 to 12/4/2016	0.191	500,000	(500,000)	–	–
	2 April 2012	2/4/2012 to 31/3/2014	0.0536	30,000,000	–	(30,000,000)	–
		2/4/2012 to 31/3/2014	0.0596	30,000,000	(30,000,000)	–	–
		2/4/2012 to 31/3/2015	0.0673	20,000,000	(20,000,000)	–	–
Former employees	21 August 2009	21/8/2009 to 30/9/2010	0.144	417,160	–	–	417,160
	13 April 2011	13/4/2011 to 12/4/2014	0.160	500,000	–	(500,000)	–
		13/4/2011 to 12/4/2015	0.175	250,000	(250,000)	–	–
		13/4/2011 to 12/4/2016	0.187	250,000	(250,000)	–	–
				83,417,160	(51,500,000)	(31,500,000)	417,160

25. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Exercise price for the share options are as follows:

Grant date	Exercise price HK$
21 August 2009	0.755 per share
13 April 2011	0.368 per share
2 April 2012	0.173 per share

Notes:

(a) During the year ended 31 December 2014, 51,000,000 and 500,000 share options were cancelled prior to the vesting of relevant share options as a result of the resignation of directors and an employee. The impact of the revision of the estimates during the vesting period was recognised in the profit or loss, with a corresponding adjustment to the share option reserve.

(b) During the year ended 31 December 2014, 31,000,000 and 500,000 share options were forfeited after the vesting period due to the resignation of directors and an employee (2015: Nil). When the share option are forfeited after the vesting date, the amount previously charged to profit or loss is credited to accumulated losses, with a corresponding adjustment to the share option reserve.

(c) During the year ended 31 December 2015, 417,160 share options were lapsed due to expiration of exercisable period.

During the year ended 31 December 2014, the Group recognised a net reversal of equity-settled share-based payments of HK$2,495,000 (2015: HK$Nil), analysed as follows:

	2015 **HK$'000**	2014 HK$'000
Directors' emoluments	–	(2,448)
Other staff costs	–	(47)
Amount credit to profit or loss (included in administrative expenses)	–	(2,495)

26. OPERATING LEASE COMMITMENTS

The Group as lessee

Minimum lease payments paid under operating leases in respect of rented premises were approximately HK$1,917,000 (2014: HK$239,000).

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

	2015 HK$'000	2014 HK$'000
Within one year	2,558	–
In the second to fifth years inclusive	3,411	–
	5,969	–

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated for an average term of 2.5 years and rentals are fixed for an average of 2.5 years.

27. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme.

The total expenses recognised in profit or loss of HK$40,000 (2014: HK$56,000) represents contribution payable to the plan by the Group at rate specified in the rules of the plan.

28. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	2,145	4,820
Contributions to pension schemes	18	32
Reversal of equity-settled share-based payments expense	–	(2,495)
	2,163	2,357

29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Non-current assets		
Investments in subsidiaries	–	–
Club debenture	1,300	–
Amounts due from subsidiaries	257,244	227,642
	258,544	227,642
Current assets		
Other receivables and prepayments	1,208	1,457
Bank and cash balances	584,505	692,578
	585,713	694,035
Current liability		
Other payables and accruals	3,764	1,775
Net current assets	581,949	692,260
Total assets less current liability	840,493	919,902
Capital and reserves		
Share capital	9,969	9,969
Reserves	830,524	909,933
	840,493	919,902

29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Movement of the Company's reserve

	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	1,043,068	4,491	(135,401)	912,158
Profit for the year	—	—	4,198	4,198
Shares repurchased and cancelled	(3,928)	—	—	(3,928)
Share options forfeited	—	(1,852)	1,852	—
Recognition of equity-settled share-based payments	—	407	—	407
Reversal of equity-settled share-based payments	—	(2,902)	—	(2,902)
At 31 December 2014	1,039,140	144	(129,351)	909,933
Loss for the year	—	—	(79,409)	(79,409)
Share options forfeited	—	(144)	144	—
At 31 December 2015	**1,039,140**	**—**	**(208,616)**	**830,524**

30. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The particulars of subsidiaries of the Company for the years ended 31 December 2015 and 2014 are listed as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued share capital	Proportion of ownership interest and voting power held by the Company		Proportion of ownership interest and voting power held by the Company		Principal activities
			Directly	Indirectly	Directly	Indirectly	
			31 December 2015		31 December 2014		
			%	%	%	%	
Imagi Character Licensing B.V.	Netherlands	EUR18,100	–	100	–	100	Sub-licensing of intellectual property rights in respect of CGI animation pictures
Imagi Crystal Limited	Hong Kong	HK$1	–	100	–	100	Holding and licensing of intellectual property rights in respect of CGI animation pictures
Imagi Jue Ming Limited	British Virgin Islands ("BVI")/ Hong Kong	USD1	100	–	100	–	Investment holding
Imagi Management Limited	Hong Kong	HK$1	–	100	–	100	Provision of administrative services
Imagi Platinum Limited	Hong Kong	HK$1	–	100	–	100	Holding and licensing of intellectual property rights in respect of CGI animation pictures
Imagi Services Limited	Hong Kong	HK$2	–	100	–	100	Provision of administrative services
Imagi Wealth Limited	Hong Kong	HK$1	–	100	–	100	Investment in securities
Po Hau Holdings Limited	Hong Kong	HK$1	–	100	–	100	Inactive
Sky Field Holdings Limited	BVI/Hong Kong	USD1	100	–	100	–	Investment holding
Step Goal Limited	BVI/Hong Kong	USD1	100	–	100	–	Investment holding
Turbo Money Investments Limited	BVI/Hong Kong	HK$31	100	–	100	–	Inactive
Xiamen Sunflower (Note)	PRC	RMB 71,000,000	–	100	N/A	N/A	Provision of advisory service on business information enterprise management, investment and social economics (excluding financial business) and supply chain management

30. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

Note: The company was established on 26 February 2015, and the investment is recorded at cost less impairment loss (note 19).

None of the subsidiaries had issued any debt securities at the end of the reporting period.

31. EVENTS AFTER THE REPORTING DATE

Other than disclosed elsewhere in the consolidated financial statements, the Group also has the following significant subsequent events after the end of the reporting period:

(i) New principal activities

On 28 January 2016, the board of directors resolved to develop integrated financial services including provision of securities brokerage services, placing and underwriting services, corporate finance advisory services, investment advisory and management services, margin financing and money lending business, securities investment and proprietary trading, so that they will become the principal businesses of the Group.

(ii) Change of management and directors

On 28 January 2016, Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G. resigned as independent non-executive director of the Company, and Mr. Chow Chi Wah Vincent, Dr. Kwong Kai Sing Benny and Dr. Antonio Maria Santos were appointed as independent non-executive directors of the Company to replace the vacancy. On the same date, Mr. Suen Yick Lun Philip and Mr. Wong Yat Fai were appointed as executive directors of the Company, and Mr. Wilson Chung was appointed as general manager of the Company.

On 2 February 2016, Mr. Frank H. Miu was appointed as independent non-executive director of the Company and Ms. Yu Man Fung was appointed as senior vice president and general manager of business development with effective from 2 February 2016.

On 23 February 2016, Mr. Leung Pak To resigned as Chairman and non-executive director of the Company.

31. EVENTS AFTER THE REPORTING DATE *(continued)*

(iii) Joint venture in provision of finance and money lending business

On 26 February 2016, the Company entered into a joint venture agreement ("JV Agreement") with Bob May Incorporated, a company incorporated in the BVI with limited liability, for the establishment of a joint venture company ("JV Company") to engage in the provision of finance and money lending business. The Company will contribute a total of HK$150 million to the JV Company and obtain 50% of its equity interest. Pursuant to the JV Agreement, the JV Company will be under the joint control of the Company and the other investor.

(iv) Share swap between the Company and Murtsa Capital Management Limited ("Murtsa")

On 29 February 2016, the Company and Murtsa entered into the shares swap agreement pursuant to which, subject to the fulfillment of the certain conditions, the parties have agreed amongst other things that the Company agreed to issue and allot 1,900,000,000 shares, to Murtsa or its nominee(s) in exchange of 455,500,000 issued share of HengTen Networks Group Limited from Murtsa. HengTen Networks Group Limited is principally engaged in the business of property investment, investment in securities trading and money lending and manufacturing and sales of accessories for photographic and electrical products.

(v) Significant financing activities

On 16 March 2016, the Company entered into the agreement ("Revolving Loan Agreement") with Cordoba Homes Finance Limited ("Lender"), and the Lender has conditionally agreed to provide a revolving loan facility of up to HK$100,000,000 to the Company for a term of 1 year commencing from the loan effective date. A share charge in respect of the entire issued share capital and all related documents of Cicero Capital Ltd., a company incorporated in the BVI in 2016 and indirect wholly-owned subsidiary of the Company, to be executed by Sky Field Holdings Limited in favor of the Lender as security for the loan facility under the Revolving Loan Agreement. The loan is interest bearing at 7.5% per annum in arrears on the outstanding principal of the loan on monthly basis.

31. EVENTS AFTER THE REPORTING DATE *(continued)*

(vi) Grant of share option

The Company granted 360,000,000, 225,000,000 and 180,000,000 share options under the 2012 Scheme to its employees and employees of its service providers on 5 February 2016, 23 February 2016 and 29 February 2016, respectively. These share options vested immediately on the grant date and the exercise price for the share options are as follows:

Grant date	**Exercise price** HK$
5 February 2016	0.1018 per share
23 February 2016	0.1000 per share
29 February 2016	0.0972 per share

(vii) Acquisition of a target company

On 11 March 2016, the Company entered into a sales and purchases agreement (the "Sales & Purchase Agreement") with an independent third party for the acquisition of a target company engaging in the securities trading business (the "Acquisition"). The total consideration for the Acquisition will be satisfied, among others, by cash deposit and issuance of promissory notes. The Acquisition will be carried out in accordance with the terms and subject to the conditions under the Sales & Purchases Agreement.

(viii) Estimated tax assessment issued by the Hong Kong Inland Revenue Department ("HKIRD")

On 21 March 2016, Imagi Crystal Limited, a wholly owned subsidiary of the Company, received a tax demand note issued on 14 March 2016 by the HKIRD for an estimated assessment for the year of assessment 2009/2010 with tax payable amounting to HK$9,862,729. The Group disagreed with the estimated assessment and intended to vigorously dispute the said assessment. The Group has engaged a firm of tax specialist as its tax adviser to contest the assessment.

Financial Summary

RESULTS

	Period from 1 April 2011 to 31 December 2011 HK$'000	Year ended 31 December 2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
Revenue	117,233	155,213	92,806	–	**–**
(Loss) profit before tax	(74,997)	(105,996)	(89,612)	3,455	**(81,238)**
Income tax credit	7,642	14,429	67,728	–	**–**
(Loss) profit for the year/ period	(67,355)	(91,567)	(21,884)	3,455	**(81,238)**
Attributable to owners of the Company	(67,355)	(91,567)	(21,884)	3,455	**(81,238)**

ASSETS AND LIABILITIES

	At 31 December 2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
Total assets	1,334,906	1,193,014	926,640	923,396	**845,364**
Total liabilities	(308,085)	(245,000)	(3,904)	(3,042)	**(3,983)**
	1,026,821	948,014	922,736	920,354	**841,381**
Equity attributable to owners of the Company	1,026,821	948,014	922,736	920,354	**841,381**

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